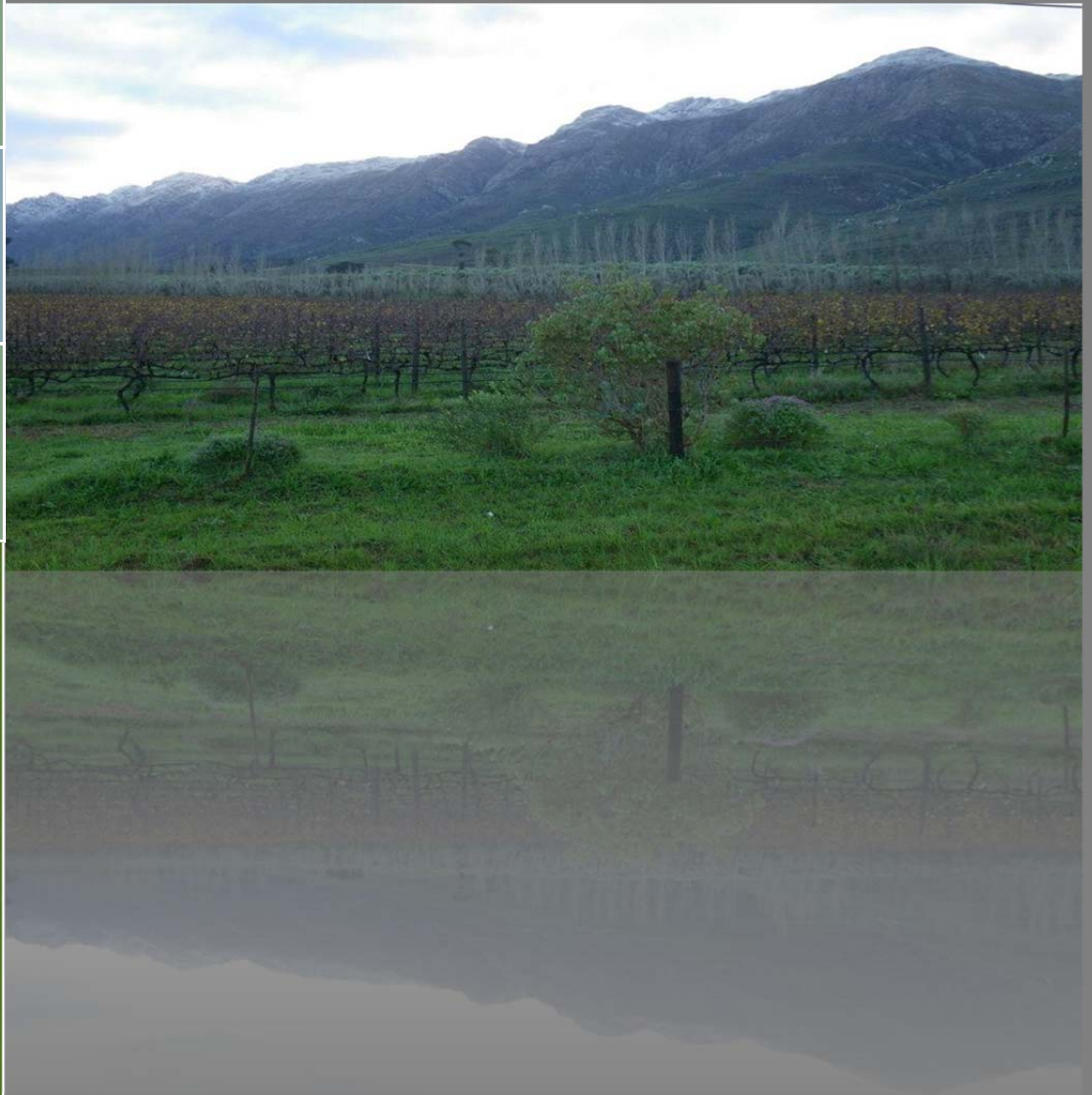


2014

# Annual Financial Statements

30 June 2014



H J Kritzinger - CFO  
WC022 – WITZENBERG MUNICIPALITY  
29/08/2014

Un-audited - Trim ref 05/03/1



# WITZENBERG MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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# WITZENBERG MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Witzenberg Municipality is a local municipality performing the functions as set out in Part B of Schedules 4 & 5 of the Constitution of the Republic of South Africa. (Act No. 108 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Witzenberg Municipality includes the following areas:

*Ceres  
Op-die-Berg  
Prince Alfred's Hamlet  
Tulbagh  
Wolseley*

#### MUNICIPAL MANAGER

*D Nasson*

#### CHIEF FINANCIAL OFFICER

*HJ Kritzngr*

#### REGISTERED OFFICE

*50 Voortrekker Street, Ceres, 6835*

#### AUDITORS

*Auditor-General South Africa*

#### PRINCIPAL BANKERS

*Standard Bank, Ceres*

#### RELEVANT LEGISLATION

The Constituion of the Republic of South Africa  
Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
SALBC Leave Regulations  
Remuneration of Public Office Bearers Act  
Workmans Compensation Act

# WITZENBERG MUNICIPALITY

## MEMBERS OF THE WITZENBERG MUNICIPALITY

### COUNCILLORS

Position	Surname	Party	Seat type
Executive Mayor	Klazen, JNED	DCP	PR 1
Deputy Executive Mayor	Adams, K	Independent	Ward 6
Speaker	Godden, TT	COPE	PR 1
Member of Mayoral Committee	Louw, S	DA	PR 1
Member of Mayoral Committee	Veschini, JA	VIP	PR 1
Member of Mayoral Committee	Smit, HJ	DA	Ward 5
Member of Mayoral Committee	Visagie, JJ	DA	Ward 4
Ordinary Councillor	Badela, R	ANC	Ward 12
Ordinary Councillor	Du Plessis, JJ	DA	PR 3
Ordinary Councillor	Du Toit, MC	ANC	PR 1
Ordinary Councillor	Heradien, P	DA	Ward 7
Ordinary Councillor	Klaasen, BC	DA	PR 2
Ordinary Councillor	Mouton, JS	ANC	PR 2
Ordinary Councillor	Ndwanya, SM	ANC	PR 4
Ordinary Councillor	Phungula, JT	ANC	PR 3
Ordinary Councillor	Salmon, L	ANC	Ward 8
Ordinary Councillor	Saula, MI	ANC	Ward 1
Ordinary Councillor	Sidego, EM	DA	Ward 11
Ordinary Councillor	Simpson, RJ	ANC	Ward 9
Ordinary Councillor	Swart, D	DA	Ward 2
Ordinary Councillor	Chaaban, BJ	NPP	PR 1
Ordinary Councillor	Hanekom, WJ	DA	Ward 3
Ordinary Councillor	Waterboer, P	ANC	Ward 10

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
\_\_\_\_\_  
D Nasson  
Municipal Manager

29 August 2014  
\_\_\_\_\_  
Date

**WITZENBERG MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014**

	Notes	2014 R	2013 R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>100 069 023</b>	<b>92 131 010</b>
Cash and Cash Equivalents	2	33 062 878	30 853 257
Receivables from exchange transactions	3	39 723 311	33 639 420
Receivables from non-exchange transactions	4	5 905 223	4 159 921
Inventory	5	8 019 476	5 386 235
Current Portion of Long-term Receivables	6	59 931	27 141
Unpaid Conditional Government Grants and Receipts	7	9 258 887	15 678 100
VAT Receivable (net)	8	4 039 317	2 386 936
Non-current assets held for sale	9	4 935 885	2 884 238
<b>Non-Current Assets</b>		<b>648 697 708</b>	<b>607 560 407</b>
Long-Term Receivables	6	114 767	200 525
Non-Current Investments	10	105 062	105 062
Property, Plant and Equipment	11	600 174 538	555 121 021
Intangible Assets	12	1 375 442	1 858 502
Investment Property	13	45 184 991	48 011 630
Heritage assets	14	550 000	550 000
Operating Lease Asset	15	25 448	28 050
Capitalised Restoration Cost	16	1 167 461	1 685 617
<b>Total Assets</b>		<b>753 702 617</b>	<b>702 575 655</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>79 526 239</b>	<b>80 956 335</b>
Payables from exchange transactions	17	37 340 464	45 060 984
Consumer Deposits	18	2 040 705	1 862 631
Provisions	19	16 656 258	6 791 539
Current Employee benefits	20	12 901 380	12 526 114
Unspent Conditional Government Grants and Receipts	7	1 277 509	6 545 351
Unspent Public Contributions	21	1 019 460	624 664
Current Portion of Long-term Liabilities	22	8 290 463	7 545 052
<b>Non-Current Liabilities</b>		<b>95 315 873</b>	<b>106 264 102</b>
Long-term Liabilities	22	25 708 909	32 335 485
Non-Current Provisions	23	8 484 964	16 774 617
Employee benefits	24	61 122 000	57 154 000
<b>Total Liabilities</b>		<b>174 842 112</b>	<b>187 220 437</b>
<b>Net Assets</b>		<b>578 860 505</b>	<b>515 355 217</b>
Capital Replacement Reserve	25	9 218 922	8 565 886
Accumulated Surplus		569 641 583	506 789 331
<b>Total Net Assets and Liabilities</b>		<b>753 702 617</b>	<b>702 575 654</b>

**WITZENBERG MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 (Actual) R	2013 (Restated) R	2013 Correction of error R	2013 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>194 935 609</b>	<b>192 522 607</b>	-	<b>192 522 607</b>
<b>Taxation Revenue</b>		<b>48 907 310</b>	<b>45 277 877</b>	-	<b>45 277 877</b>
Property rates	26	47 649 701	44 230 471	-	44 230 471
Property Rates - penalties imposed and collection charges		1 257 609	1 047 406	-	1 047 406
<b>Transfer Revenue</b>		<b>146 028 299</b>	<b>147 244 730</b>	-	<b>147 244 730</b>
Fines		7 419 740	760 499	-	760 499
Government Grants and Subsidies - Capital	27	48 136 433	73 085 201	-	73 085 201
Government Grants and Subsidies - Operating	27	89 100 522	72 347 109	-	72 347 109
Public Contributions and Donations		1 371 604	1 051 921	-	1 051 921
<b>Revenue from Exchange Transactions</b>		<b>248 430 873</b>	<b>228 913 600</b>	-	<b>228 913 600</b>
Service Charges	28	224 378 974	207 843 497	-	207 843 497
Rental of Facilities and Equipment		7 616 617	6 554 512	-	6 554 512
Interest Earned - external investments		3 265 431	2 053 378	-	2 053 378
Interest Earned - outstanding debtors		6 076 841	4 747 998	-	4 747 998
Licences and Permits		166 042	125 483	-	125 483
Agency Services		3 326 448	3 051 493	-	3 051 493
Other Income	29	3 597 881	4 536 790	-	4 536 790
Unamortised Discount - Interest		2 639	449	-	449
<b>Total Revenue</b>		<b>443 366 482</b>	<b>421 436 207</b>	-	<b>421 436 207</b>
<b>EXPENDITURE</b>					
Employee related costs	30	105 569 746	96 930 354	-	96 930 354
Remuneration of Councillors	31	7 788 802	6 932 325	-	6 932 325
Debt Impairment	32	27 825 458	19 722 706	-	19 722 706
Collection Costs		155 152	299 065	-	299 065
Depreciation and Amortisation	33	16 174 489	13 995 677	-	13 995 677
Repairs and Maintenance		14 526 435	13 523 782	-	13 523 782
Unamortised Discount - Interest paid		1 701 071	1 821 743	-	1 821 743
Finance Charges	35	10 671 992	11 319 234	-	11 319 234
Bulk Purchases	36	125 406 539	118 180 997	-	118 180 997
Contracted services		9 939 926	8 717 708	-	8 717 708
Grants and Subsidies	37	812 208	767 362	-	767 362
Operating Grant Expenditure		29 211 307	13 247 855	-	13 247 855
General Expenses	38	30 990 225	31 380 075	-	31 380 075
<b>Total Expenditure</b>		<b>380 773 350</b>	<b>336 838 883</b>	-	<b>336 838 883</b>
Gain / (loss) on disposal of assets (Impairment loss)	34	(202 601) (278 483)	2 500 (449 054)	-	2 500 (449 054)
Gain on Adjustment of Provision		-	598 555	-	598 555
Inventories: (Write-down) / Reversal of write-down		(98 526)	(1 728)	-	(1 728)
Gain / (loss) on Actuarial Valuations	24	1 491 766	6 138 104	-	6 138 104
<b>NET SURPLUS FOR THE YEAR</b>		<b>63 505 288</b>	<b>90 885 701</b>	-	<b>90 885 701</b>

**WITZENBERG MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
		R	R	R
<b>Balance at 1 JULY 2012</b>		<b>6 414 513</b>	<b>417 428 262</b>	<b>423 842 775</b>
Correction of error	<b>39.4</b>	-	626 741	626 741
<b>Restated Balance at 1 JULY 2012</b>		<b>6 414 513</b>	<b>418 055 003</b>	<b>424 469 516</b>
Contribution to Capital Replacement Reserve		15 672 599	(15 672 599)	-
Property, Plant and Equipment purchased		(13 521 226)	13 521 226	-
Net Surplus for the year		-	90 827 388	90 827 388
<b>Balance at 30 JUNE 2013</b>		<b>8 565 886</b>	<b>506 731 018</b>	<b>515 296 904</b>
Contribution to Capital Replacement Reserve		13 309 519	(13 309 519)	-
Property, Plant and Equipment purchased		(12 656 483)	12 656 483	-
Net Surplus for the year		-	63 563 601	63 563 601
<b>Balance at 30 JUNE 2014</b>		<b>9 218 922</b>	<b>569 641 583</b>	<b>578 860 505</b>

**WITZENBERG MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

	<b>Notes</b>	<b>30 JUNE 2014 R</b>	<b>30 JUNE 2013 R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Taxation	<b>40</b>	44 203 415	40 858 607
Sales of goods and services		217 361 452	204 458 106
Government Grants		138 392 645	128 518 466
Interest		10 599 881	7 848 782
<b>Payments</b>			
Employee costs		(99 734 714)	(90 187 120)
Suppliers		(230 233 912)	(186 066 210)
Finance charges	<b>35</b>	(10 671 992)	(11 319 234)
Transfers and Grants		(812 208)	(767 362)
<b>Cash generated by operations</b>	<b>40</b>	<b>69 104 568</b>	<b>93 344 035</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	<b>11</b>	(59 697 401)	(86 980 282)
Purchase of Intangible Assets		(116 240)	(885 196)
Proceeds on Disposal of Fixed Assets		277 520	12 500
Increase/(Decrease) in Long-term Receivables	<b>6</b>	44 900	(103 821)
<b>Net Cash from Investing Activities</b>		<b>(59 491 221)</b>	<b>(87 956 800)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(7 581 800)	(7 216 529)
Increase in Consumer Deposits		178 074	120 766
<b>Net Cash from Financing Activities</b>		<b>(7 403 726)</b>	<b>(7 095 763)</b>
<b>NET INCREASE/(DECREASE IN CASH AND CASH EQUIVALENTS)</b>		<b>2 209 621</b>	<b>(1 708 528)</b>
Cash and Cash Equivalents at the beginning of the year		30 853 256	32 561 785
Cash and Cash Equivalents at the end of the year	<b>2</b>	33 062 878	30 853 256
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2 209 622</b>	<b>(1 708 529)</b>



**WITZENBERG MUNICIPALITY**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014**

	Actual 2014 R	Approved budget 2014 R	Adjustments 2014 R	Final budget 2014 R	Difference between final budget and actual	Actual 2013 R
<b>Operating Revenue</b>						
Property rates	47 649 701	47 463 036	-	47 463 036	0.4%	44 230 471
Property Rates - penalties imposed and collection charges	1 257 609	816 480	-	816 480	54.0%	1 047 406
Fines	7 419 740	3 293 150	1 800 000	5 093 150	45.7%	760 499
Government Grants and Subsidies - Capital	48 136 433	43 189 764	6 681 098	49 870 862	-3.5%	73 085 201
Government Grants and Subsidies - Operating	89 100 522	95 450 030	(3 996 746)	91 453 284	-2.6%	72 347 109
Public Contributions and Donations	1 371 604	-	(113 000)	(113 000)	-1313.8%	1 051 921
Service Charges	224 378 974	228 861 916	4 800 000	233 661 916	-4.0%	207 843 497
Rental of Facilities and Equipment	7 616 617	8 047 440	-	8 047 440	-5.4%	6 554 512
Interest Earned - external investments	3 265 431	1 857 310	756 504	2 613 814	24.9%	2 053 378
Interest Earned - outstanding debtors	6 076 841	4 717 710	750 000	5 467 710	11.1%	4 747 998
Licences and Permits	166 042	253 530	-	253 530	-34.5%	125 483
Agency Services	3 326 448	2 973 750	-	2 973 750	11.9%	3 051 493
Other Income	3 597 881	3 526 035	554 367	4 080 402	-11.8%	4 536 790
Unamortised Discount - Interest	2 639	-	-	-		449
<b>Total revenue</b>	<b>443 366 482</b>	<b>440 450 151</b>	<b>11 232 223</b>	<b>451 682 374</b>	<b>1.8%</b>	<b>421 436 207</b>
<b>Operating Expenses</b>						
Employee related costs	105 569 746	111 918 681	(2 255 338)	109 663 343	3.7%	96 930 354
Remuneration of Councillors	7 788 802	7 465 814	400 000	7 865 814	1.0%	6 932 325
Debt Impairment	27 825 458	13 411 060	14 490 784	27 901 844	0.3%	19 722 706
Collection Costs	155 152	718 620	(245 000)	473 620	67.2%	299 065
Depreciation and Amortisation	16 174 489	21 454 367	-	21 454 367	24.6%	13 995 677
Repairs and Maintenance	14 526 435	15 194 987	963 787	16 158 774	10.1%	13 523 782
Unamortised Discount - Interest paid	1 701 071	1 694 901	-	1 694 901	-0.4%	1 821 743
Finance Charges	10 671 992	12 023 712	(79 550)	11 944 162	10.7%	11 319 234
Bulk Purchases	125 406 539	135 000 000	(8 490 784)	126 509 216	0.9%	118 180 997
Contracted services	9 939 926	8 420 855	2 885 997	11 306 852	12.1%	8 717 708
Grants and Subsidies	812 208	806 490	65 000	871 490	6.8%	767 362
Operating Grant Expenditure	29 211 307	36 903 797	(5 914 593)	30 989 204	5.7%	13 247 855
Other expenses	30 078 069	37 065 792	-1 363 774	35 702 018	15.8%	25 091 698
<b>Total expenses</b>	<b>379 861 194</b>	<b>402 079 076</b>	<b>456 529</b>	<b>402 535 605</b>	<b>5.6%</b>	<b>330 550 506</b>
<b>Surplus/(deficit) for the period</b>	<b>63 505 288</b>	<b>38 371 075</b>	<b>10 775 694</b>	<b>49 146 769</b>	<b>-29.2%</b>	<b>90 885 701</b>
<b>Capital expenditure by vote</b>						
Budget & Treasury Office	135 394	103 000	333 870	436 870	69.0%	438
Civil Services	36 821 530	34 695 301	2 204 521	36 899 822	0.2%	73 676 208
Community & Social Services	6 240 928	4 099 000	3 285 317	7 384 317	15.5%	429 789
Corporate Services	716 327	530 000	377 901	907 901	21.1%	1 900 726
Electro Technical Services	2 813 326	2 900 000	(45 862)	2 854 138	1.4%	3 182 097
Executive & Council	-	-	-	-		-
Housing	24 511	-	27 406	27 406	10.6%	1 481
Planning	-	-	-	-		-
Public Safety	358 010	380 000	46 279	426 279	16.0%	1 459 238
Sport & Recreation	11 856 135	8 643 095	3 733 145	12 376 240	4.2%	6 916 859
<b>Total capital expenditure</b>	<b>58 966 161</b>	<b>51 350 396</b>	<b>9 962 577</b>	<b>61 312 973</b>		<b>87 566 836</b>

The budget is approved on an accrual basis by vote classification as required by the Municipal Finance Management Act. The basis used for this comparison is by nature classification as required by General Recognised Accounting Practices. The approved budget covers the same period as the financial statements, from 1 July to 30 June.

The budget and accounting bases are the same; both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance.

Please refer to Note 43 for more information on budget comparisons.

## 1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

### 1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions
GRAP 24	Presentation of Budget Information
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 100	Non-current Assets held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 31	Intangible assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16(AC449)	Hedges in a Net Investment in a Foreign Operation

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

## 1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

## 1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

## 1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

## 1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

**1.6. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 18	<b>Segment Reporting</b> Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 20	<b>Related Party Disclosures</b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 32	<b>Service Concession Arrangements: Grantor</b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 105	<b>Transfer of Functions Between Entities Under Common Control</b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 106	<b>Transfer of Functions Between Entities Not Under Common Control</b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 107	<b>Mergers</b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 108	<b>Statutory receivable</b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

**1.7. RESERVES*****Capital Replacement Reserve (CRR)***

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

**1.8. LEASES*****1.8.1. Municipality as Lessee***

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.8.2. Municipality as Lessor**

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.10. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

**1.11. PROVISIONS****1.11.1. GENERAL PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;

- the expenditures that will be undertaken; and
- when the plan will be implemented.

- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

#### 1.11.2. REHABILITATION OF LANDFILL SITES PROVISIONS

Provision is made in terms of the licensing stipulations of the landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have discounted to present value at prime interest rate less 4%. The dates of total closure and rehabilitation are uncertain, but are currently expected to be between 2012 and 2015.

### 1.12. EMPLOYEE BENEFITS

#### 1.12.1. Post-Retirement Medical obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

#### 1.12.2. Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

#### 1.12.3. Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

#### 1.12.4. Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

#### 1.12.5. Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**1.12.6. Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

**1.12.7. Ex gratia Gratuities**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**1.13. PROPERTY, PLANT AND EQUIPMENT****1.13.1. Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**1.13.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**1.13.3. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	<i>Years</i>		<i>Years</i>
<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	5-100	Airports	20
Electricity	4-46	Buildings	30-100
Water	15-150	Computer equipment	3-30
Sanitation	15-60	Furniture and equipment	5-30
Other	10-15	Landfill sites	9-24
		Markets	30
<b>Community</b>		Other	3-30
Recreational Facilities	10-30	Other vehicles	5-67
Sport fields & Stadia	10-20	Plant and Equipment	5-32
Halls	5-97	Specialist vehicles	7-38
Libraries	10-30		
Parks and gardens	10		
Other assets	5-30		
Cemeteries	5-30		
<b>Finance lease assets</b>			
Office equipment	4		

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### 1.13.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.13.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional arrangement as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The municipality updated the Land and Buildings acquired before 30 June 2008 to the fair value as determined by an independent valuator. For Other Assets the depreciation replacement cost method was used to establish the deemed cost as on 1 July 2008.

### 1.14. INTANGIBLE ASSETS

#### 1.14.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or  
arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.



Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

the municipality intends to complete the intangible asset for use or sale;  
it is technically feasible to complete the intangible asset;  
the municipality has the resources to complete the project; and  
it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### **1.14.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### **1.14.3. Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<b>Intangible Assets</b>	<b>Years</b>
Computer Software	5
Computer Software Licenses	5

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

#### **1.14.4. De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.15. INVESTMENT PROPERTY**

#### **1.15.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an

investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

#### **1.15.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### **1.15.3. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	99 - 100

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

#### **1.15.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.16. HERITAGE ASSETS**

#### **1.16.1. Initial Recognition**

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, and only if:

- it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- the cost or fair value of the asset can be measured reliably.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

#### **1.16.2. Subsequent Measurement**

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

The class of heritage assets are carried at its cost less any accumulated impairment losses.

#### **1.16.3. Impairment**

Where the carrying amount of an item of heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of heritage asset have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

#### **1.16.4. De-recognition**

The carrying amount of a heritage asset is derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### **1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS**

#### **1.17.1. Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### **1.17.2. Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

*Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

### 1.18. COMMITMENTS

Commitments are future payments and expenditure to be incurred on contracts that have been entered into at the reporting date and where there are unperformed obligations. The commitments would include both capital and operating items.

Committed expenditure approved and contracted for at reporting date is where the expenditure has been approved and the contract has been awarded.

Committed expenditure approved but not yet contracted for at reporting date is where the expenditure has been approved but the contract has yet to be awarded or is awaiting finalisation.

### 1.19. INVENTORIES

#### 1.19.1. Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

The cost of purified water comprises cost of conversion and other cost incurred in bringing the inventory to their present location and condition.

#### 1.19.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

### 1.20. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

### 1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

#### 1.21.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

### **1.21.2. Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### **1.21.2.1. Receivables**

Receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **1.21.2.2. Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **1.21.2.3. Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

#### **1.21.2.4. Non-Current Investments**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

**1.21.3. De-recognition of Financial Instruments****1.21.3.1. Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired; or  
 the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.21.3.2. Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.21.4. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

**1.22. REVENUE****1.22.1. Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

#### **1.22.2. Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter vouchers is recognised eight days after the sale of the relevant voucher.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

The prevailing rate for a similar instrument of an issuer with a similar credit rating; or

A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred.

When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

**1.22.3. Grants, Transfers and Donations (Non-Exchange Revenue)**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

**1.23. RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2<sup>nd</sup> and 3<sup>rd</sup> bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker, members of the Mayoral Committee and ordinary councillors.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**1.24. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.25. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.26. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.27. CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

**1.28. PRESENTATION OF BUDGET INFORMATION**



The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements, has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

### 1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### *Post-retirement medical obligations and Long service awards*

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### *Impairment of Receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### *Provisions and contingent liabilities*

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

#### *Revenue Recognition*

Accounting Policy 1.22.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.22.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

### 1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

### 1.31. JOINT VENTURES

In respect of the municipalities' interest in jointly controlled assets, the municipality includes in its accounting records and recognises in its financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with other ventures in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

### 1.32. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2	<b>CASH AND CASH EQUIVALENTS</b>	<b>2014 R</b>	<b>2013 R</b>
	<b>Assets</b>		
	Call Investments Deposits	-	21 913 574
	Bank Accounts	33 054 452	8 931 456
	Cash Floats	8 426	8 227
	<b>Total Cash and Cash Equivalents - Assets</b>	<b>33 062 878</b>	<b>30 853 257</b>
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	The municipality has the following bank accounts:		
	Cash book balance at beginning of year	8 931 456	14 476 952
	Cash book balance at end of year	33 054 452	8 931 456
	The municipality changed it's Primary Bank Account from ABSA Bank Limited to The Standard Bank of South Africa Limited on 1 March 2013. The ABSA account has not been closed at year end as some debtors still pay their service accounts into the old account.		
	<b>Primary Bank Account: Standard Bank - Account Number 203241819</b>		
	Bank statement balance at beginning of year	12 855 343	-
	Bank statement balance at end of year	40 465 237	12 855 343
	<b>ABSA Bank Limited - Account Number 350000011</b>		
	Bank statement balance at beginning of year	164 567	16 461 234
	Bank statement balance at end of year	758 562	164 567
	<b>Call Investment Deposits</b>		
	Call investment deposits consist of the following accounts:		
	ABSA Bank Ltd - Account Number 9184483785		1 094 641
	First Rand Bank - Account Number 62192709164		63 995
	Nedbank Ltd - Account Number 03/7881032766/30		10 130 630
	Standard Bank of SA Ltd - Account Number 088779831-008		10 624 309
		-	21 913 574
3	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
	Electricity	30 797 719	28 334 228
	Water	55 738 272	39 770 496
	Housing Rentals	2 042 412	1 732 028
	Refuse	28 910 300	23 188 758
	Sewerage	23 241 967	19 453 910
	Other	1 982 612	1 898 125
	<b>Total Receivables from Exchange Transactions</b>	<b>142 713 282</b>	<b>114 377 545</b>
	Less: Provision for Impairment	(102 989 971)	(80 738 125)
	<b>Total Net Receivables from Exchange Transactions</b>	<b>39 723 311</b>	<b>33 639 420</b>
	Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.		
	Included in receivables is the following accrued income (estimated consumption from the last meter reading to 30 June):		
	Accrued Income Electricity	13 396 576	12 824 898
	Accrued Income Water	5 383 419	2 693 795
	<b>Ageing of Receivables from Exchange Transactions:</b>		
	<b>(Electricity): Ageing</b>		
	Accrued Income Electricity	13 396 576	12 824 898
	Current (0 - 30 days)	12 083 988	11 354 395
	31 - 60 Days	575 786	567 272
	61 - 90 Days	312 558	192 805
	+ 90 Days	4 428 810	3 394 858
	<b>Total</b>	<b>30 797 719</b>	<b>28 334 228</b>

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED</b>		
<b><u>(Water): Ageing</u></b>		
Accrued Income Water	5 383 419	2 693 795
Current (0 - 30 days)	9 875 827	2 343 834
31 - 60 Days	1 347 670	957 326
61 - 90 Days	1 084 357	871 205
+ 90 Days	38 047 073	32 904 337
<b>Total</b>	<b>55 738 346</b>	<b>39 770 496</b>
<b><u>(Housing): Ageing</u></b>		
Current (0 - 30 days)	47 913	47 018
31 - 60 Days	30 845	34 215
61 - 90 Days	25 908	31 170
+ 90 Days	1 937 745	1 619 625
<b>Total</b>	<b>2 042 412</b>	<b>1 732 028</b>
<b><u>(Refuse): Ageing</u></b>		
Current (0 - 30 days)	1 570 356	1 414 496
31 - 60 Days	658 556	637 336
61 - 90 Days	473 220	466 580
+ 90 Days	26 208 167	20 670 345
<b>Total</b>	<b>28 910 299</b>	<b>23 188 758</b>
<b><u>(Sewerage): Ageing</u></b>		
Current (0 - 30 days)	1 662 932	1 261 948
31 - 60 Days	542 607	2 003 180
61 - 90 Days	396 762	414 782
+ 90 Days	20 639 666	15 774 000
<b>Total</b>	<b>23 241 967</b>	<b>19 453 910</b>
<b><u>(Other): Ageing</u></b>		
Current (0 - 30 days)	76 097	77 483
31 - 60 Days	26 882	36 674
61 - 90 Days	32 291	30 659
+ 90 Days	1 847 268	1 753 309
<b>Total</b>	<b>1 982 537</b>	<b>1 898 125</b>
<b><u>(Total): Ageing</u></b>		
Accrued Income	18 779 995	15 518 693
Current (0 - 30 days)	25 317 113	16 499 174
31 - 60 Days	3 182 347	4 236 003
61 - 90 Days	2 325 097	2 007 201
+ 90 Days	93 108 730	76 116 473
<b>Total</b>	<b>142 713 282</b>	<b>114 377 544</b>
<b>Reconciliation of Provision for Bad Debts</b>		
Balance at beginning of year	80 738 123	59 991 406
Contribution to provision	22 260 498	20 749 935
Bad Debts Written Off	(8 652)	(3 218)
<b>Balance at end of year</b>	<b>102 989 969</b>	<b>80 738 123</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
<b>4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Rates	18 422 228	14 975 942
Other Receivables	8 365 091	1 778 704
Accrued Fines	6 581 114	130 799
Deposits	224 616	224 615
SARS	524 109	524 110
Prepaid Expenditure	1 035 252	899 180
<b>Total Receivables from Non-Exchange Transactions</b>	<b>26 787 319</b>	<b>16 754 646</b>
Less: Provision for Impairment	(20 882 096)	(12 594 725)
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>5 905 223</b>	<b>4 159 921</b>
Ageing of Receivables from Non-Exchange Transactions:		
<b><u>(Rates): Ageing</u></b>		
Current (0 - 30 days)	2 150 235	1 610 717
31 - 60 Days	447 767	231 023
61 - 90 Days	114 655	207 011
+ 90 Days	15 679 091	12 927 191
<b>Total</b>	<b>18 391 748</b>	<b>14 975 942</b>
<b>Reconciliation of Provision for Bad Debts</b>		
Balance at beginning of year	12 594 724	9 857 556
Contribution to provision	8 287 372	2 882 345
Bad Debts Written Off	-	(145 177)
<b>Balance at end of year</b>	<b>20 882 096</b>	<b>12 594 724</b>
Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.		
<b>5 INVENTORY</b>		
Consumable Stores - At cost	8 001 706	5 367 662
Water - At purification cost	17 770	18 573
<b>Total Inventory</b>	<b>8 019 476</b>	<b>5 386 235</b>
Consumable stores materials written down due to losses as identified during the annual stores counts.	98 526	1 796
Consumable stores materials surplusses identified during the annual stores counts.	37	68
Consumable stores inventory recognised as an expense during the year	7 747 251	8 001 445

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

		<b>2014 R</b>	<b>2013 R</b>
<b>6</b>	<b>LONG-TERM RECEIVABLES</b>		
	Housing Loans	282 988	313 895
	Sport Club Loans	44 363	58 355
	Town Development	31 126	31 126
		<u>358 477</u>	<u>403 376</u>
	<b>Less:</b> Unamortised Discount on Loans	(5 056)	(7 260)
	Balance 1 July	(7 260)	(7 260)
	Adjustment for the period	2 204	-
	Change in Accounting Policy	-	-
		<u>353 421</u>	<u>396 116</u>
	<b>Less:</b> Current portion transferred to current receivables	(59 931)	(27 141)
	Housing Loans	(21 331)	(20 096)
	Sport Club Loans	(7 474)	(7 045)
	Town Development	(31 126)	-
		<u>293 490</u>	<u>368 975</u>
	<b>Less:</b> Provision for Impairment	(178 723)	(168 450)
	<b>Total Long Term Receivables</b>	<u><b>114 767</b></u>	<u><b>200 525</b></u>
	<b>Reconciliation of Provision for Bad Debts</b>		
	Balance at beginning of year	168 451	152 657
	Contribution to provision	10 272	15 794
	<b>Balance at end of year</b>	<u><b>178 723</b></u>	<u><b>168 451</b></u>
<b>7</b>	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>		
	<b>Unspent Grants</b>	1 277 509	6 545 351
	National Government Grants	31 528	1 434 321
	Provincial Government Grants	1 245 981	5 111 030
	<b>Less: Grants spend but not yet received</b>	9 258 887	15 678 100
	National Government Grants	9 089 318	15 577 100
	Provincial Government Grants	169 569	101 000
	<b>Total Conditional Grants and Receipts</b>	<u><b>(7 981 378)</b></u>	<u><b>(9 132 749)</b></u>
	Please refer to Note 27 for more information on specific grants.		
<b>8</b>	<b>VAT</b>		
	<b>VAT PAYABLE</b>		
	VAT Payable	-	-
	VAT output in suspense	545 785	2 042 501
	<b>Total Vat payable</b>	<u><b>545 785</b></u>	<u><b>2 042 501</b></u>
	<b>VAT RECEIVABLE</b>		
	VAT input in suspense	4 585 102	4 436 794
	<b>Total VAT receivable</b>	<u><b>4 585 102</b></u>	<u><b>4 436 794</b></u>
	<b>NET VAT RECEIVABLE/(PAYABLE)</b>	<u><b>4 039 317</b></u>	<u><b>2 394 293</b></u>
	VAT is receivable/payable on the cash basis.		

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

		<b>2014 R</b>	<b>2013 R</b>
<b>9</b>	<b>NON-CURRENT ASSETS HELD FOR SALE</b>		
	Erven	4 935 885	2 884 238
		<u><b>4 935 885</b></u>	<u><b>2 884 238</b></u>
	Council resolved on 18 August 2011 to alienate erven not required for basic service delivery.		
<b>10</b>	<b>NON-CURRENT INVESTMENTS</b>		
	<b>Unlisted</b>		
	Investment in Joint Ventures - at cost	105 062	105 062
	<b>Total Non-Current Investments</b>	<u><b>105 062</b></u>	<u><b>105 062</b></u>
	Managements valuations of the unlisted investments are as follows:		
	Ceres Koekedouw Bestuurskomitee - Joint Venture with Koekedouw Besproeingsraad	105 062	105 062
		<u>105 062</u>	<u>105 062</u>
	The financial statements of the joint venture is summarised as follow:		
	Income	17	932 889
	Expenditure	(1 906 744)	(955 136)
	Non-current Assets	103 826	23 590
	Current Assets	696 470	2 315 976
	Non-current Liabilities	(1 417 059)	(2 100 495)
	Current Liabilities	(1 289 963)	(110 934)
	Please note that the 2014 figures are preliminary.		

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

## 11 PROPERTY, PLANT AND EQUIPMENT

## 11.1 30 JUNE 2014

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 July 2013	71 136 145	98 091 457	314 160 446	48 086 076	528 451	23 118 446	555 121 021
<b>Cost</b>	71 136 145	103 230 128	395 593 838	49 771 967	691 343	41 845 777	662 269 198
Original Cost	71 136 145	103 230 128	395 593 838	49 771 967	691 343	41 845 777	662 269 198
<b>Accumulated Impairments</b>	-	-	-	-	-	(449 892)	(449 892)
Original Cost	-	-	-	-	-	(449 892)	(449 892)
<b>Accumulated Depreciation</b>	-	(5 138 671)	(81 433 393)	(1 685 890)	(162 892)	(18 277 439)	(106 698 285)
Original Cost	-	(5 138 671)	(81 433 393)	(1 685 890)	(162 892)	(18 277 439)	(106 698 285)
<b>Acquisitions</b>	-	55 374	37 316 953	17 543 847	-	4 781 225	59 697 400
<b>Transfers</b>	-	-	-	(7 203)	-	7 203	-
Cost	-	-	-	(7 203)	-	7 203	-
<b>Impairment</b>	-	-	-	-	-	(78 704)	(78 704)
Impairment	-	-	-	-	-	(78 704)	(78 704)
<b>Depreciation</b>	-	(1 024 785)	(7 742 306)	(720 142)	(230 445)	(4 647 721)	(14 365 400)
Normal Depreciation	-	(1 024 785)	(7 742 306)	(720 142)	(230 445)	(4 647 721)	(14 365 400)
<b>Carrying value of disposals</b>	-	-	(97 291)	-	-	(102 488)	(199 779)
Cost	-	-	(216 374)	-	-	(198 499)	(414 872)
Accumulated Depreciation	-	-	119 082	-	-	96 010	215 093
<b>Carrying value at 30 June 2014</b>	71 136 145	97 122 045	343 637 802	64 902 579	298 006	23 077 962	600 174 538
<b>Cost</b>	71 136 145	103 285 501	432 694 418	67 308 611	691 343	46 435 708	721 551 726
Original Cost	71 136 145	103 285 501	432 694 418	67 308 611	691 343	46 435 708	721 551 726
<b>Accumulated Impairments</b>	-	-	-	-	-	(528 596)	(528 596)
Original Cost	-	-	-	-	-	(528 596)	(528 596)
<b>Accumulated Depreciation</b>	-	(6 163 456)	(89 056 616)	(2 406 032)	(393 337)	(22 829 150)	(120 848 592)
Original Cost	-	(6 163 456)	(89 056 616)	(2 406 032)	(393 337)	(22 829 150)	(120 848 592)

Witzenberg Municipality is required to measure the residual value of all items of property plant and equipment. Management has determined that none of its infrastructure have any active market, and the value of the amount at the end of their useful lives would therefore be nil or insignificant. During the current financial year, Witzenberg Municipality reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate

Fully Depreciated Assets at an original cost of R 13 262 204 are still in use.

## PROPERTY, PLANT AND EQUIPMENT CONTINUED

11.2 30 JUNE 2013

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
<b>Carrying value at 1 July 2012</b>	71 146 145	99 097 465	244 397 628	42 077 385	121 333	23 627 239	480 467 195
<b>Cost</b>	71 146 145	103 211 343	319 972 256	43 046 952	728 997	37 718 224	575 823 917
Original Cost	71 146 145	103 211 343	319 972 256	43 046 952	728 997	37 718 224	575 823 917
<b>Accumulated Impairments</b>	-	-	-	-	-	(75 905)	(75 905)
Original Cost	-	-	-	-	-	(75 905)	(75 905)
<b>Accumulated Depreciation</b>	-	(4 113 878)	(75 574 628)	(969 567)	(607 664)	(14 015 080)	(95 280 817)
Original Cost	-	(4 113 878)	(75 574 628)	(969 567)	(607 664)	(14 015 080)	(95 280 817)
<b>Acquisitions</b>	-	18 785	75 810 757	6 737 785	691 343	4 114 783	87 373 453
<b>Capital under Construction</b>	-	-	-	-	-	-	-
<b>Transfers</b>	-	-	-	(12 770)	-	12 770	(0)
Cost	-	-	-	(12 770)	-	12 770	(0)
<b>Impairments</b>	-	-	-	-	-	(373 987)	(373 987)
Impairments	-	-	-	-	-	(373 987)	(373 987)
<b>Depreciation</b>	-	(1 024 793)	(5 972 872)	(716 324)	(284 225)	(4 262 359)	(12 260 573)
Normal Depreciation	-	(1 024 793)	(5 972 872)	(716 324)	(284 225)	(4 262 359)	(12 260 573)
<b>Carrying value of disposals</b>	(10 000)	-	(75 068)	-	-	-	(85 068)
Cost	(10 000)	-	(189 175)	-	(728 997)	-	(928 172)
Accumulated Impairments	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	114 107	-	728 997	-	843 104
<b>Carrying value at 30 June 2013</b>	71 136 145	98 091 457	314 160 445	48 086 076	528 451	23 118 446	555 121 020
<b>Cost</b>	71 136 145	103 230 128	395 593 838	49 771 967	691 343	41 845 777	662 269 198
Original Cost	71 136 145	103 230 128	395 593 838	49 771 967	691 343	41 845 777	662 269 198
Revaluation	-	-	-	-	-	-	-
<b>Accumulated Impairments</b>	-	-	-	-	-	(449 892)	(449 892)
Original Cost	-	-	-	-	-	(449 892)	(449 892)
<b>Accumulated Depreciation</b>	-	(5 138 671)	(81 433 393)	(1 685 891)	(162 892)	(18 277 439)	(106 698 286)
Original Cost	-	(5 138 671)	(81 433 393)	(1 685 891)	(162 892)	(18 277 439)	(106 698 286)



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

12	<b>INTANGIBLE ASSETS</b>	<b>2014</b>	<b>2013</b>
		<b>R</b>	<b>R</b>
	<b>Computer Software</b>		
	<b>Net Carrying amount at 1 July</b>	<b>1 858 502</b>	<b>1 609 594</b>
	Cost	4 032 772	3 147 576
	Accumulated Amortisation	(2 174 270)	(1 537 982)
	Accumulated Impairment	-	-
	Additions	116 241	885 196
	Amortisation for Year	(599 301)	(636 288)
	<b>Net Carrying amount at 30 June</b>	<b>1 375 442</b>	<b>1 858 502</b>
	Cost	4 149 014	4 032 772
	Accumulated Amortisation	(2 773 571)	(2 174 270)

Since the previous reporting date the following Intangible Assets were measured in accordance with GRAP 102 and restated retrospectively:

Cost	4 032 772
Accumulated amortisation	(2 174 270)
Total not previously recognised now restated retrospectively	<b>1 858 502</b>

The following material intangible assets are included in the carrying value above

<u>Description</u>	<u>Remaining Amortisation</u> <u>Period</u>	<b>Carrying Value</b>	
Microsoft Office and Windows software	5	1 375 442	1 858 502

No intangible assets were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

13	<b>INVESTMENT PROPERTY</b>	<b>48 011 630</b>	<b>48 299 923</b>
	<b>Net Carrying amount at 1 July</b>		
	Cost	49 452 507	49 452 507
	Accumulated Depreciation	(1 440 877)	(1 152 584)
	Disposals	(480 121)	-
	Depreciation for the year	(294 871)	(288 292)
	Transfers	(2 051 647)	-
	<b>Net Carrying amount at 30 June</b>	<b>45 184 991</b>	<b>48 011 630</b>
	Cost	46 868 386	49 452 507
	Accumulated Depreciation	(1 683 395)	(1 440 877)

14	<b>HERITAGE ASSETS</b>	<b>550 000</b>	<b>550 000</b>
	<b>Net Carrying amount at 1 July</b>		
	Cost	550 000	550 000
	<b>Net Carrying amount at 30 June</b>	<b>550 000</b>	<b>550 000</b>
	Cost	550 000	550 000

Heritage assets are carried at its cost less any accumulated impairment losses

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

		<b>2014</b>	<b>2013</b>
		<b>R</b>	<b>R</b>
<b>15</b>	<b>OPERATING LEASE ARRANGEMENTS</b>		
	<b>The Municipality as Lessor (Asset)</b>		
	<b>Balance on 1 July</b>	28 049	31 997
	Movement during the year	(2 601)	(3 947)
	<b>Balance on 30 June</b>	<b>25 448</b>	<b>28 050</b>
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	94 706	35 662
	1 to 5 Years	231 387	102 892
	<b>Total Operating Lease Arrangements</b>	<b>326 092</b>	<b>138 554</b>
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased out for periods ranging until 2016		
<b>16</b>	<b>CAPITALISED RESTORATION COST</b>		
	<b>Net Carrying amount at 1 July</b>	<b>1 685 617</b>	<b>865 023</b>
	Cost	11 496 577	9 865 461
	Accumulated Depreciation	(9 810 960)	(9 000 438)
	Acquisitions	396 760	1 631 116
	Depreciation for the year	(914 917)	(810 522)
	<b>Net Carrying amount at 30 June</b>	<b>1 167 460.50</b>	<b>1 685 617</b>
	Cost	11 893 337	11 496 577
	Accumulated Depreciation	(10 725 877)	(9 810 960)
<b>17</b>	<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	Trade Payables	24 444 818	34 340 588
	Deposits: Other	791 505	606 517
	Interest Accrued	918 795	1 118 806
	Other Creditors	679 310	355 585
	Library books	14 960	11 238
	Payments Received in Advance	4 581 862	3 638 724
	Pre-paid Electricity	640 981	640 981
	Retentions	5 268 233	4 414 216
	<b>Total Trade Payables</b>	<b>37 340 464</b>	<b>45 126 655</b>
	Payables are being recognised net of any discounts		
	Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.		
	The carrying value of trade and other payables approximates its fair value		
	Sundry deposits include hall, builders and housing Deposits.		
<b>18</b>	<b>CONSUMER DEPOSITS</b>		
	Water and Electricity	2 040 705	1 862 631
	<b>Total Consumer Deposits</b>	<b>2 040 705</b>	<b>1 862 631</b>
	The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.		

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

		<b>2014</b>	<b>2013</b>
		<b>R</b>	<b>R</b>
<b>19</b>	<b>CURRENT PROVISIONS</b>		
	Current Portion of Rehabilitation of Landfill-sites - Note 23	16 656 258	6 791 539
	<b>Total Provisions</b>	<b>16 656 258</b>	<b>6 791 539</b>

<b>20</b>	<b>CURRENT EMPLOYEE BENEFITS</b>		
	Current Portion of Post Retirement Benefits - Note 24	1 758 000	1 522 000
	Current Portion of Long-Service Provisions - Note 24	820 000	565 000
	Current Portion of Ex-gratia Pension Provisions - Note 24	54 000	105 000
	Staff Leave	6 673 194	6 675 642
	Performance Bonuses	690 395	930 974
	Staff Bonuses	2 905 791	2 727 498
	<b>Total Current Employee Benefits</b>	<b>12 901 380</b>	<b>12 526 114</b>

The movement in current employee benefits are reconciled as follows:

**Staff Leave**

Balance at beginning of year	6 675 643	6 634 900
Contribution to current portion	634 132	290 590
Expenditure incurred	(636 580)	(249 847)
Balance at end of year	<b>6 673 194</b>	<b>6 675 643</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

**CURRENT EMPLOYEE BENEFITS CONTINUED**

**Performance Bonuses**

Balance at beginning of year	930 974	620 471
Contribution to current portion	516 750	310 503
Expenditure incurred	(757 329)	-
Balance at end of year	<b>690 395</b>	<b>930 974</b>

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council.

**Staff Bonuses**

Balance at beginning of year	2 727 497	2 496 695
Contribution to current portion	5 092 511	4 714 107
Expenditure incurred	(4 914 217)	(4 483 305)
Balance at end of year	<b>2 905 791</b>	<b>2 727 497</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle.

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

		<b>2014 R</b>	<b>2013 R</b>
<b>21</b>	<b>UNSPENT PUBLIC CONTRIBUTIONS</b>		
	China - Water meters	168 362	222 677
	Essen Belgium	851 098	401 987
	Total Unspent Public Contributions	<u>1 019 460</u>	<u>624 664</u>
	<b>Reconciliation of public contributions</b>		
	<u>China - Water meters</u>		
	Opening balance	222 677	276 740
	Conditions met - Transferred to revenue	<u>(54 315)</u>	<u>(54 063)</u>
	Closing balance	<u>168 362</u>	<u>222 677</u>
	3580 Water meters were donated by the Chinese Government to the Witzenberg Municipality. The purpose of the donation is to provide water connections to poor households.		
	<u>Essen Belgium</u>		
	Opening balance	401 987	422 901
	Contributions received	754 540	247 627
	Conditions met - Transferred to revenue	<u>(305 429)</u>	<u>(268 541)</u>
	Closing balance	<u>851 098</u>	<u>401 987</u>
	A twinning agreement exists between Essen in Belgium and the Witzenberg Municipality. The purpose of the agreement is youth development and crèches.		
<b>22</b>	<b>LONG-TERM LIABILITIES</b>		
	Annuity Loans - At amortised cost	37 019 215	44 376 731
	Capitalised Lease Liability - At amortised cost	<u>297 651</u>	<u>521 937</u>
		<b>37 316 866</b>	<b>44 898 668</b>
	Current Portion transferred to Current Liabilities	<b>(8 290 463)</b>	<b>(7 545 052)</b>
	Annuity Loans - At amortised cost	(8 046 353)	(7 320 766)
	Capitalised Lease Liability - At amortised cost	<u>(244 110)</u>	<u>(224 286)</u>
		<b>29 026 403</b>	<b>37 353 616</b>
	Unamortised charges on loans	<b>(3 317 494)</b>	<b>(5 018 131)</b>
	Balance 1 July	(5 018 130)	(6 839 424)
	Adjustment for the period	<u>1 700 636</u>	<u>1 821 293</u>
	<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<u><b>25 708 909</b></u>	<u><b>32 335 485</b></u>
	Refer below for maturity dates of long term liabilities:		
	The obligations under annuity loans are scheduled below		
	Amounts payable under annuity loans:		<b>Minimum annuity payments</b>
	Payable within one year	12 222 610	12 414 777
	Payable within two to five years	30 844 208	40 516 170
	Payable after five years	<u>5 549 274</u>	<u>8 177 263</u>
		48 616 092	61 108 210
	<b>Less:</b> Future finance obligations	<u>(11 596 877)</u>	<u>(16 731 478)</u>
	<b>Present value of annuity obligations</b>	<u><b>37 019 215</b></u>	<u><b>44 376 732</b></u>
	Annuity loans at amortised cost is calculated at an average 12.47% interest rate, with a final maturity date of 30 June 2023.		
	The obligations under finance leases are scheduled below:		
	Amounts payable under finance leases:		<b>Minimum lease payments</b>
	Payable within one year	260 046	260 046
	Payable within two to five years	<u>54 149</u>	<u>314 195</u>
		314 195	574 241
	<b>Less:</b> Future finance obligations	<u>(16 543)</u>	<u>(52 304)</u>
	<b>Present value of lease obligations</b>	<u><b>297 652</b></u>	<u><b>521 937</b></u>

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**23 NON-CURRENT PROVISIONS**

Provision for Rehabilitation of Landfill-sites	8 484 964	16 774 617
<b>Total Non-current Provisions</b>	<b>8 484 964</b>	<b>16 774 617</b>

The provision includes the rehabilitation cost of landfill sites in Ceres, Prince Alfred's Hamlet, Op-die-Berg, Tulbagh and Wolseley. The expected closing dates of the sites are:

Ceres - 2010 (The site is longer in operation)

Prince Alfred's Hamlet - 2014

Op-die- Berg - 2014

Tulbagh - 2014

Wolseley - 2020

**Landfill Sites**

Balance 1 July	23 566 155	21 557 597
Contribution for the year	396 759	1 032 561
Unwinding of Interest	1 178 308	975 998
<b>Total provision 30 June</b>	<b>25 141 222</b>	<b>23 566 156</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 19	(16 656 258)	(6 791 539)
<b>Balance 30 June</b>	<b>8 484 964</b>	<b>16 774 617</b>

**24 EMPLOYEE BENEFITS**

Post Retirement Benefits	56 539 000	52 408 000
Long Service Awards	4 319 000	4 511 000
Ex-Gratia Pension Benefits	264 000	235 000
<b>Total Non-current Employee Benefit Liabilities</b>	<b>61 122 000</b>	<b>57 154 000</b>

**Post Retirement Benefits**

Balance 1 July	53 930 000	56 847 812
Contribution for the year	2 719 000	2 986 400
Interest Cost	4 304 000	4 559 400
Expenditure for the year	(1 460 666)	(1 371 126)
Actuarial Loss/(Gain)	(1 195 334)	(9 092 486)
<b>Total post retirement benefits 30 June</b>	<b>58 297 000</b>	<b>53 930 000</b>
<b>Less:</b> Transfer of Current Portion - Note 20	(1 758 000)	(1 522 000)
<b>Balance 30 June</b>	<b>56 539 000</b>	<b>52 408 000</b>

**Long Service Awards**

Balance 1 July	5 076 000	2 138 041
Contribution for the year	424 000	279 377
Interest Cost	377 000	126 572
Expenditure for the year	(475 780)	(339 040)
Actuarial Loss/(Gain)	(262 220)	2 871 050
<b>Total long service 30 June</b>	<b>5 139 000</b>	<b>5 076 000</b>
<b>Less:</b> Transfer of Current Portion - Note 20	(820 000)	(565 000)
<b>Balance 30 June</b>	<b>4 319 000</b>	<b>4 511 000</b>

**Ex-Gratia Pensions**

Balance 1 July	340 000	337 065
Contribution for the year	-	4 044
Interest Cost	35 000	20 559
Expenditure for the year	(22 788)	(105 000)
Actuarial Loss/(Gain)	(34 212)	83 332
<b>Total Ex-Gratia 30 June</b>	<b>318 000</b>	<b>340 000</b>
<b>Less:</b> Transfer of Current Portion - Note 20	(54 000)	(105 000)
<b>Balance 30 June</b>	<b>264 000</b>	<b>235 000</b>

**TOTAL NON-CURRENT EMPLOYEE BENEFITS**

Balance 1 July	59 346 000	59 322 918
Contribution for the year	3 143 000	3 269 821
Interest cost	4 716 000	4 706 531
Expenditure for the year	(1 959 234)	(1 815 166)
Actuarial Loss/(Gain)	(1 491 766)	(6 138 104)
<b>Total employee benefits 30 June</b>	<b>63 754 000</b>	<b>59 346 000</b>
<b>Less:</b> Transfer of Current Portion - Note 20	(2 632 000)	(2 192 000)
<b>Balance 30 June</b>	<b>61 122 000</b>	<b>57 154 000</b>

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

EMPLOYEE BENEFITS CONTINUED		2014 R	2013 R	
24.1 Post-employment Health Care Benefits				
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:				
In-service (employee) members		198	255	
In-service (employee) non-members		298	248	
Continuation members (e.g. Retirees, widows, orphans)		56	55	
Total Members		552	558	
		2014 R	2013 R	
The liability in respect of past service has been estimated to be as follows				
In-service members		36 039 000	35 087 000	
Continuation members		22 258 000	18 843 000	
Total Liability		58 297 000	53 930 000	
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		2012 R	2011 R	2010 R
In-service members		38 525 020	32 437 101	26 124 600
Continuation members		18 322 792	18 578 573	10 151 587
Total Liability		56 847 812	51 015 674	36 276 187
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:				
Bonitas; LA Health Samwumed; and Keyhealth.				
Key actuarial assumptions used:		2014	2013	
i) Rate of interest				
Discount rate		8.94%	7.89%	
Health Care Cost Inflation Rate		8.05%	7.14%	
Net Effective Discount Rate		0.82%	0.70%	
ii) Mortality rates				
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries				
iii) Normal retirement age				
It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.				
The amounts recognised in the Statement of Financial Position are as follows:		2014 R	2013 R	
Present value of fund obligations		58 297 000	53 930 000	
Net liability/(asset)		58 297 000	53 930 000	
The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits, paragraph 155 (a).				

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**EMPLOYEE BENEFITS CONTINUED**

	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	53 930 000	56 847 812
Total expenses	5 562 334	6 174 674
Current service cost	2 719 000	2 986 400
Interest Cost	4 304 000	4 559 400
Benefits Paid	(1 460 666)	(1 371 126)
Actuarial (gains)/losses	(1 195 334)	(9 092 486)
Present value of fund obligation at the end of the year	58 297 000	53 930 000
<b>Less:</b> Transfer of Current Portion - Note 20	(1 758 000)	(1 522 000)
<b>Balance 30 June</b>	<b>56 539 000</b>	<b>52 408 000</b>

**Sensitivity Analysis on the Accrued Liability**

<b>Assumption</b>	<b>In-service members liability (R'000)</b>	<b>Continuation members liability (R'000)</b>	<b>Total liability (R'000)</b>
Central Assumptions	36 039	22 258	58 297

The effect of movements in the assumptions are as follows:

<b>Assumption</b>	<b>Change</b>	<b>In-service members liability (R'000)</b>	<b>Continuation members liability (R'000)</b>	<b>Total liability (R'000)</b>	<b>% change</b>
Central assumptions		36 039	22 258	58 297	
Health care inflation	1%	37 696	23 281	60 977	5
Health care inflation	-1%	29 053	17 944	46 997	-19
Mortality rate	20%	30 954	19 118	50 072	-14
Mortality rate	-20%	36 315	22 428	58 743	1

**24.2 Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses

496	504
<b>2014</b>	<b>2013</b>

**i) Rate of interest**

Discount rate	7.96%	7.40%
General Salary Inflation (long-term)	7.33%	6.66%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.59%	0.69%

<b>2014</b>	<b>2013</b>
<b>R</b>	<b>R</b>

**The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations	5 139 000	5 076 000
<b>Net liability</b>	<b>5 139 000</b>	<b>5 076 000</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>Net liability</b>	<b>2 138 041</b>	<b>1 806 355</b>	<b>1 522 979</b>

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**EMPLOYEE BENEFITS CONTINUED**

	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	5 076 000	2 138 041
Total expenses	325 220	66 909
Current service cost	424 000	279 377
Interest Cost	377 000	126 572
Benefits Paid	(475 780)	(339 040)
Actuarial (gains)/losses	(262 220)	2 871 050
Present value of fund obligation at the end of the year	5 139 000	5 076 000
<b>Less:</b> Transfer of Current Portion - Note 20	(820 000)	(565 000)
<b>Balance 30 June</b>	<b>4 319 000</b>	<b>4 511 000</b>

**Sensitivity Analysis on the Unfunded Accrued Liability**

<b>Assumption</b>	<b>Change</b>	<b>Liability (R'000)</b>	<b>% change</b>
Central assumptions		5 139	
General salary inflation	1.00%	5 496	7%
General salary inflation	-1.00%	4 814	-6%
Withdrawal rates	20%	4 858	-5%
Withdrawal rates	-20%	5 454	6%

**24.3 Ex-Gratia Pension Benefits**

	<b>2014</b>	<b>2013</b>
The Ex-Gratia Pension Benefits plans are defined benefit plans.		
As at year end, the following number of employees were eligible for Ex-Gratia Pension Benefits	38	42
<b>i) Rate of interest</b>		
Discount rate	7.96%	7.40%
General Salary Inflation (long-term)	7.58%	6.91%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.35%	0.46%

	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
<b>The amounts recognised in the Statement of Financial Position are as follows</b>		
Present value of fund obligations	318 000	340 000
<b>Net liability</b>	<b>318 000</b>	<b>340 000</b>
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>Net liability</b>	<b>337 065</b>	<b>360 815</b>
	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	340 000	337 065
Total expenses	12 212	(80 397)
Current service cost	-	4 044
Interest Cost	35 000	20 559
Benefits Paid	(22 788)	(105 000)
Actuarial (gains)/losses	(34 212)	83 332
Present value of fund obligation at the end of the year	318 000	340 000
<b>Less:</b> Transfer of Current Portion - Note	(54 000)	(105 000)
<b>Balance 30 June</b>	<b>264 000</b>	<b>235 000</b>



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### EMPLOYEE BENEFITS CONTINUED

#### Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Total liability (R'000)	% change
Central assumptions		318	
General salary inflation	+1%	325	1%
General salary inflation	-1%	313	-1%
Withdrawal rates	+20%	315	2%
Withdrawal rates	-20%	322	2%

#### 24.4 Retirement funds

2014  
R

2013  
R

##### CAPE JOINT PENSION FUND

The funding level of the CJPF (Pensions Account section) was 105.1% as at the 30 June 2013 valuation date compared with a 99.4% funding level as at 30 June 2012. The Fund is in a sound financial condition at the valuation date. As at the 30 June 2013 valuation date (in totality) the members contributed at a rate of 9% of pensionable salaries and (in totality) the Local Authorities contributed at a rate of 18% of pensionable salaries.

Contributions paid recognised in the Statement of Financial Performance

346 565

319 071

##### SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND

The funding level at the most recent actuarial valuation (1 July 2012) of 100% was calculated on a Discounted Cash Flow (DCF) basis. The funding level has improved since the previous valuation. The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2012 be maintained at 15.26%. This includes a margin of 3.92% over and above the contribution rate required to fund the Projected Unit Method future service benefits and associated costs.

Contributions paid recognised in the Statement of Financial Performance

268 669

262 930

##### DEFINED CONTRIBUTION FUNDS

Council contributes to: the Government Employees Pension Fund; Municipal Council Pension Fund; National Fund for Municipal Workers (IMATU); and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Cape Joint Retirement Fund  
Municipal Councillors Pension Fund  
Nasionale Fonds Vir Munisipale Werknemers (IMATU)  
SAMWU National Provident Fund

8 145 699  
174 691  
92 426  
2 588 150  
11 000 967

6 440 538  
191 645  
94 286  
2 431 021  
9 157 490

#### 25

#### NET ASSET RESERVES

Capital Replacement Reserve

9 218 922

8 565 886

**Total Net Asset Reserves**

**9 218 922**

**8 565 886**

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

26		<b>2014</b>	<b>2013</b>
		<b>R</b>	<b>R</b>
	<b>PROPERTY RATES</b>		
	<u><b>Actual</b></u>		
	<b>Rates Levied</b>	48 188 638	44 709 659
	Business	8 146 910	7 807 814
	Building Clauses	87 916	106 371
	Rural	11 494 202	10 163 054
	Industrial	5 279 616	4 532 741
	Residential	16 672 881	16 724 092
	State	5 234 551	4 495 817
	Vacant Land	1 265 076	871 604
	Public Service Infrastructure	7 486	8 166
	Less: Revenue Forgone	(538 937)	(479 188)
	<b>Total Assessment Rates</b>	<b>47 649 701</b>	<b>44 230 471</b>
	<u><b>Valuations - 1 JULY</b></u>		
	<b>Rateable Land and Buildings</b>		
	Residential Property	2 573 428 670	2 414 481 366
	Commercial Property	635 405 000	674 844 700
	Industrial Property	408 034 000	322 615 000
	Informal Property	29 805 000	22 246 000
	Agricultural Purposes	5 164 284 500	3 802 219 623
	State - National/ Provincial Services	407 331 000	320 327 000
	Public Service Infrastructure	6 576 000	
	Municipal Property		258 255 260
	Vacant Property	123 502 400	89 618 884
	<b>Total Valuation</b>	<b>9 348 366 570</b>	<b>7 904 607 833</b>

**PROPERTY RATES CONTINUED**

Assessment Rates are levied on the value of land and improvements. The valuation is performed every 4 years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

**Rates:**

Residential	0.680c/R	0.740c/R
Commercial	1.292c/R	1.405c/R
Industrial	1.292c/R	1.405c/R
Bona Fide Agricultural	0.170c/R	0.185c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:  
Residential - The first R15 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

27		<b>2014</b>	<b>2013</b>
		<b>R</b>	<b>R</b>
	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>		
	<b>Unconditional Grants</b>	<b>49 553 000</b>	<b>46 200 000</b>
	Equitable Share	49 553 000	46 200 000
	<b>Conditional Grants</b>	<b>87 683 955</b>	<b>99 232 310</b>
	Grants and donations	87 683 955	99 232 310
	Subsidies	-	-
	<b>Total Government Grants and Subsidies</b>	<b>137 236 955</b>	<b>145 432 310</b>
	Government Grants and Subsidies - Capital	48 136 433	73 085 201
	Government Grants and Subsidies - Operating	89 100 522	72 347 109
		<b>137 236 955</b>	<b>145 432 310</b>

Please refer to appendix D for more detailed disclosure of Government Grants and Subsidies

The Municipality does not expect any significant changes to the level of grants

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

GOVERNMENT GRANTS AND SUBSIDIES CONTINUED		2014 R	2013 R
<b>27.1 Equitable share</b>			
Opening balance		-	-
Grants received		48 119 000	46 200 000
Conditions met - Operating		(49 553 000)	(46 200 000)
Write off / Transfers		1 434 000	-
Conditions still to be met/(Grant expenditure to be recovered)		-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.			
<b>27.2 Local Government Financial Management Grant (FMG)</b>			
Opening balance		(60 284)	(422 255)
Grants received		1 300 000	1 417 188
Conditions met - Operating		(1 126 330)	(1 055 217)
Conditions met - Capital		(113 292)	-
Conditions still to be met/(Grant expenditure to be recovered)		94	(60 284)
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).			
<b>27.3 Municipal Systems Improvement Grant</b>			
Opening balance		-	106 274
Grants received		890 000	800 000
Conditions met - Operating		(296 989)	(162 824)
Conditions met - Capital		(591 856)	(743 450)
Conditions still to be met/(Grant expenditure to be recovered)		1 155	-
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.			
<b>27.4 Municipal Infrastructure Grant (MIG)</b>			
Opening balance		(757 664)	(804 844)
Grants received		21 020 000	22 112 000
Conditions met - Operating		(2 480 241)	(2 658 286)
Conditions met - Capital		(18 432 685)	(19 406 534)
Conditions still to be met/(Grant expenditure to be recovered)		(650 590)	(757 664)
The grant was used to upgrade infrastructure in previously disadvantaged areas.			
<b>27.5 Housing Grants</b>			
Opening balance		4 565 539	6 193 692
Grants received		34 589 068	23 311 641
Conditions met - Operating		(27 132 065)	(11 553 893)
Conditions met - Capital		(11 298 107)	(13 385 901)
Conditions still to be met/(Grant expenditure to be recovered)		724 435	4 565 539
Housing grants was utilised for the development of erven and the erection of top structures.			
<b>27.6 Integrated National Electrification Grant</b>			
Opening balance		(970 041)	(824 041)
Grants received		3 000 000	-
Conditions met - Operating		-	(146 000)
Conditions met - Capital		(2 000 000)	-
Conditions still to be met/(Grant expenditure to be recovered)		29 959	(970 041)
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.			

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**GOVERNMENT GRANTS AND SUBSIDIES CONTINUED**

	<b>2014 R</b>	<b>2013 R</b>
<b>27.7 Other Grants</b>		
Opening balance	(11 910 299)	3 289 059
Grants received	29 474 577	29 939 637
Conditions met - Operating	(8 516 215)	(5 605 438)
Conditions met - Capital	(15 700 493)	(39 533 557)
Conditions still to be met/(Grant expenditure to be recovered)	<b>(6 652 430)</b>	<b>(11 910 299)</b>

Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)

**27.8 Total Grants**

Opening balance	(9 132 749)	7 537 885
Grants received	138 392 645	123 780 466
Conditions met - Operating	(89 104 840)	(67 381 658)
Conditions met - Capital	(48 136 433)	(73 069 442)
Write off / Transfers	1 434 000	-
Conditions still to be met/(Grant expenditure to be recovered)	<b>(6 547 377)</b>	<b>(9 132 749)</b>

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	1 277 509	6 545 351
Unpaid Conditional Government Grants and Receipts	(9 258 887)	(15 678 100)
	<b>(7 981 378)</b>	<b>(9 132 749)</b>

**28 SERVICE CHARGES**

Electricity	158 961 480	148 438 053
Water	36 609 186	30 752 672
Refuse removal	21 877 236	20 860 896
Sewerage and Sanitation Charges	21 276 999	20 290 957
Bulk service levies	84 809	1 120 532
	238 809 710	221 463 110
Less: Revenue Forgone	(14 430 736)	(13 619 613)
<b>Total Service Charges</b>	<b>224 378 974</b>	<b>207 843 497</b>

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

**29 OTHER INCOME**

Application fees - Town Planning	53 131	69 862
Building Plan Fees	674 523	894 089
Cemetery Fees	180 129	194 353
Clip Cards	145 076	205 995
Collection Fees	38 041	8 792
Damages Income	14 456	9 594
Housing	251 279	283 027
Industrial Effluent	838 618	268 933
Insurance Claims Received	427 355	362 697
Mayor's Golf Day	19 836	-
Re-connection fees	240 226	220 025
Refuse Bags	4 822	6 489
Servitudes	-	880 811
Skills Development Levies received	152 778	381 421
Special Projects	19 360	33 840
Sundry Income	538 251	716 862
<b>Total Other Income</b>	<b>3 597 881</b>	<b>4 536 790</b>

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

<b>30</b>	<b>EMPLOYEE RELATED COSTS</b>	<b>2014 R</b>	<b>2013 R</b>
	Salaries and Wages	68 437 184	63 726 387
	Bargaining Council Levy	43 523	49 297
	Bonuses	5 595 228	5 042 542
	Contributions For Pensions	11 175 573	10 043 620
	Contributions For Medical Aids	4 870 724	4 305 233
	Contributions For UIF	674 281	626 503
	Ex-Gratia Pension	-	(97 214)
	Group Life Insurance	1 245 062	1 305 810
	Housing Benefits and Allowances	812 200	676 269
	Leave Reserve	634 132	290 589
	Long service awards	424 000	279 377
	Overtime	5 443 704	4 559 151
	Post Employment Health Care Benefits	2 719 000	2 986 400
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3 709 929	3 525 329
		<hr/>	<hr/>
	Less: Employee Cost allocated elsewhere	105 784 540	97 319 293
		(214 794)	(388 939)
	<b>Total Employee Related Costs</b>	<hr/> <b>105 569 746</b> <hr/>	<hr/> <b>96 930 354</b> <hr/>

**KEY MANAGEMENT PERSONNEL**

The Municipal Manager and Directors are appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract period.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

***Remuneration of the Municipal Manager***

Annual Remuneration	869 950	826 531
Performance Bonuses	308 656	-
Car Allowance	108 000	108 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	218 982	203 056
<b>Total</b>	<hr/> <b>1 505 588</b> <hr/>	<hr/> <b>1 137 587</b> <hr/>

The performance bonus for the 2011/2012 financial year were paid during July 2013 and is included in the performance bonuses paid during the 2013 / 2014 financial year

***Remuneration of the Director Technical Services***

Annual Remuneration	727 075	665 061
Performance Bonuses	112 359	-
Travelling Allowance	198 942	137 500
Contributions to UIF, Medical, Pension Funds and Bargaining Council	3 722	3 128
<b>Total</b>	<hr/> <b>1 042 098</b> <hr/>	<hr/> <b>805 689</b> <hr/>

***Remuneration of the Director Corporate Services***

Annual Remuneration	668 962	632 769
Performance Bonuses	229 444	-
Travelling Allowance	119 363	119 363
Contributions to UIF, Medical, Pension Funds and Bargaining Council	134 169	124 588
<b>Total</b>	<hr/> <b>1 151 937</b> <hr/>	<hr/> <b>876 719</b> <hr/>

The performance bonus for the 2011/2012 financial year were paid during July 2013 and is included in the performance bonuses paid during the 2013 / 2014 financial year.

***Remuneration of the Director Financial Services***

Annual Remuneration	469 818	474 576
Performance Bonuses	106 871	-
Car Allowance	180 000	89 522
Housing Allowance	144 000	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	124 208	91 395
<b>Total</b>	<hr/> <b>1 024 897</b> <hr/>	<hr/> <b>655 493</b> <hr/>

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**EMPLOYEE RELATED COSTS CONTINUED**

	<b>2014 R</b>	<b>2013 R</b>
<b>Remuneration of the Director Community Services</b>		
Annual Remuneration	676 227	606 172
Performance Bonuses	-	-
Car Allowance	90 000	57 689
Contributions to UIF, Medical, Pension Funds and Bargaining Council	131 864	105 954
<b>Total</b>	<b>898 091</b>	<b>769 816</b>

**31 REMUNERATION OF COUNCILLORS**

Executive Mayor	638 301	579 550
Deputy Mayor	519 208	453 252
Speaker	519 797	481 423
Mayoral Committee Members	1 895 498	1 777 284
Ordinary Councillors	3 349 530	2 855 032
Pension fund contributions	830 424	759 732
Medical aid contributions	36 044	26 052
<b>Total Councillors' Remuneration</b>	<b>7 788 802</b>	<b>6 932 325</b>

***In-kind Benefits***

The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Executive Mayor, Speaker and all the Mayoral committee members are provided with secretarial support and an office at the cost of the Council.

**32 DEBT IMPAIRMENT**

Long term Receivables - Note 6	10 272	152 657
Receivables from exchange transactions - Note 3	19 527 815	16 687 703
Receivables from non-exchange transactions - Note 4	8 287 371	2 882 346
<b>Total Contribution to Debt Impairment</b>	<b>27 825 458</b>	<b>19 722 706</b>

**33 DEPRECIATION AND AMORTISATION**

Property Plant and Equipment	14 365 400	12 260 575
Investment Property	294 871	288 292
Intangible Assets	599 301	636 288
Capitalised restoration cost	914 917	810 522
	<b>16 174 489</b>	<b>13 995 677</b>

**34 IMPAIRMENTS**

Property Plant & Equipment	278 483	449 054
	<b>278 483</b>	<b>449 054</b>

**35 FINANCE CHARGES**

Long-term Liabilities	4 777 684	5 636 698
Ex-Gratia Pension	35 000	20 559
Bank Overdraft	-	7
Post Employment Health Care Benefits	4 304 000	4 559 400
Long service awards	377 000	126 572
Capitalised restoration cost	1 178 308	975 998
Other	-	-
<b>Total finance charges</b>	<b>10 671 992</b>	<b>11 319 234</b>

**36 BULK PURCHASES**

Electricity	125 406 539	118 180 997
<b>Total Bulk Purchases</b>	<b>125 406 539</b>	<b>118 180 997</b>

**37 GRANTS AND SUBSIDIES**

Sport	-	36 700
Council	219 218	147 210
Tourism	592 990	583 452
<b>Total Grants and Subsidies</b>	<b>812 208</b>	<b>767 362</b>

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

<b>38</b>	<b>GENERAL EXPENSES</b>	<b>2014 R</b>	<b>2013 R</b>
	Audit Fees	2 515 121	3 191 390
	Bank Charges	234 739	379 118
	Cellphone	384 042	442 711
	Chemicals	903 317	935 426
	Communication & Events	358 506	287 065
	Commission	1 459 675	1 234 273
	Consultant Fees	165 508	72 429
	Developing Projects	233 219	166 489
	Entertainment	431 586	495 206
	Escom Electricity	1 482 817	962 093
	Expenditure against Public Donations	297 015	270 021
	Indigent costs	43 519	454 068
	Insurance	1 015 095	840 544
	Investigations	287 036	434 628
	Koekedouw	-	75 407
	Membership Fees	938 251	807 523
	Printing and Stationary	1 850 977	1 919 013
	Projects	453 148	376 706
	Protective Clothing	618 927	529 734
	Professional Fees	201 699	698 200
	Refuse bags	1 510 530	1 118 835
	Rental of Offices	461 714	438 930
	Sewerage analysis	536 392	593 493
	Strategic Partnerships	334 239	278 368
	Telephone and Postage	1 938 257	1 694 113
	Training	857 869	881 143
	Travel and Accommodation	1 225 380	1 125 548
	TV Transponder	51 475	157 208
	Valuation Costs	392 809	1 055 685
	Vehicle Fleet Costs	5 551 856	5 211 058
	Veterinary Expenses	250 000	313 769
	Ward Committee Allowance	749 257	541 000
	Wards	197 661	280 088
	Water levies	251 949	490 618
	Other	2 786 711	2 648 104
	<b>General Expenses</b>	<b>30 970 296</b>	<b>31 400 004</b>
<b>39</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
<b>39.1</b>	<b>Property, Plant and Equipment</b>		
	Balance previously reported		<b>554 871 877</b>
	Capital expenditure on roads not recognised - Note 39.2 & Note 39.3		249 194
	Reversal of creditor raised for contributions to pension funds - Note 39.5		(50)
	<b>Balance now reported</b>		<b>555 121 021</b>
<b>39.2</b>	<b>VAT Receivable (net)</b>		
	Balance previously reported		<b>2 352 049</b>
	Capital expenditure on roads not recognised - Note 39.1 & Note 39.3		34 887
	Recognition of previous years expenditure and creditor - Note 39.3 & Note 39.6		(7 357)
	<b>Balance now reported</b>		<b>2 379 579</b>
<b>39.3</b>	<b>Payables from exchange transactions</b>		
	Balance previously reported		<b>45 403 643</b>
	Capital expenditure on roads not recognised - Note 39.1 & Note 39.2		284 081
	Reversal of creditor raised for contributions to pension funds - Note 39.4		(626 741)
	Recognition of previous years expenditure and creditor - Note 39.2 & Note 39.6		65 670
	<b>Balance now reported</b>		<b>45 126 654</b>
<b>39.4</b>	<b>Accumulated Surplus</b>		
	Balance previously reported		<b>417 428 262</b>
	Reversal of creditor raised for contributions to pension funds - Note 39.3		626 741
	<b>Balance now reported</b>		<b>418 055 003</b>
<b>39.5</b>	<b>Inventory</b>		
	Balance previously reported		<b>5 386 185</b>
	Reversal of creditor raised for contributions to pension funds - Note 39.3		50
	<b>Balance now reported</b>		<b>5 386 235</b>
<b>39.6</b>	<b>Net Surplus for the year</b>		
	Balance previously reported		<b>90 885 701</b>
	Recognition of previous years expenditure and creditor - Note 39.2 & Note 39.6		(58 313)
	<b>Balance now reported</b>		<b>90 827 388</b>

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014 R</b>	<b>2013 R</b>
<b>40 RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY</b>		
Surplus/(Deficit) for the year	63 563 601	90 827 388
<b><u>Adjustments for:</u></b>		
Depreciation	15 575 189	13 359 389
Amortisation of Intangible Assets	599 301	636 288
Gain on disposal of property, plant and equipment	-	(2 500)
Loss on disposal of property, plant and equipment	202 601	-
Gain on Adjustment of Provision	-	(598 555)
Unamortised Discount on Loans	1 698 432	1 821 294
Debt Impairment	27 815 186	19 570 049
Debt Impairment - Long term receivables	10 272	152 657
Stock Adjustments	(98 526)	(1 728)
Contribution from/to provisions	1 178 308	975 998
Contribution from/to employee benefits	5 835 032	6 743 234
Actuarial Loss	(1 491 766)	(6 138 104)
Impairment written off	278 483	449 054
Operating lease income accrued	2 601	3 947
Operating Surplus/(Deficit) before changes in working capital	115 168 714	127 798 411
Changes in working capital	(46 064 142)	(34 061 150)
Increase/(Decrease) in Trade and Other Payables	(7 786 191)	6 503 019
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(5 267 842)	(6 592 465)
Increase/(Decrease) in Unspent Public Contributions	394 796	(74 977)
Increase/(Decrease) in Taxes	(1 645 024)	(825 106)
(Increase)/Decrease in Inventory	(2 534 715)	16 681
(Increase)/Decrease in Trade and other receivables	(35 644 379)	(23 010 135)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	6 419 213	(10 078 167)
<b>Cash generated/(absorbed) by operations</b>	<b>69 104 572</b>	<b>93 737 261</b>
<b>41 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 2	33 062 878	30 853 257
Investments - Note 10	105 062	105 062
Less:	33 167 940	30 958 319
Unspent Committed Conditional Grants - Note 7	1 277 509	6 545 351
<b>Resources available for working capital requirements</b>	<b>31 890 431</b>	<b>24 412 968</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	9 218 922	8 565 886
Employee Benefits Reserve	74 023 380	69 680 114
Non-Current Provisions Reserve	8 484 964	16 774 617
<b>Shortfall in working capital requirements</b>	<b>(59 836 835)</b>	<b>(70 607 649)</b>
<b>42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 22	37 316 866	44 898 668
Used to finance property, plant and equipment - at cost	(37 316 866)	(44 898 668)
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

43	BUDGET COMPARISONS	2014 R	2013 R
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance			
Net surplus/deficit per the statement of financial performance		63 563 601	
Adjusted for:			
Fair value adjustments	a)	1 491 766	
Depreciation and Amortisation recognised / reversed	b)	(5 279 878)	
Increases in debt impairment	c)	(76 385)	
Employee related cost	d)	(4 093 597)	
Finance Charges	e)	(1 272 170)	
Bulk Purchases	f)	(1 102 677)	
Operating Grant Expenditure	g)	(1 777 897)	
Other Expenditure	h)	(8 797 573)	
Rates & Service Charges	i)	8 655 148	
Grants & Donations	j)	2 602 587	
Other Income	k)	(3 142 444)	
Net surplus/deficit per approved budget		49 146 769	
a)	Actuarial gains on Employee Benefits		
b)	Depreciation less than expected due to slow capital spending		
c)	Collection ratio less than expected.		
d)	Employee cost less than budget due to vacancies not filled timeously		
e)	Loans redeemed		
f)	Bulk purchases less than expected.		
g)	Unforeseen delays in housing delivery		
h)	Other expenditure less than expected.		
i)	Property rates increase due to the inclusion of the District Management Area		
j)	Improved spending of Grants received.		
k)	More interest earned than expected.		
Please refer to the statement of comparison of budget and actual amounts for more information			
44	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
44.1	Unauthorised expenditure		
Reconciliation of unauthorised expenditure:			
Opening balance	-		
Unauthorised expenditure current year - operating	-	20 307 803	
Condoned by council	-	(20 307 803)	
Unauthorised expenditure awaiting authorisation	-	-	
Unauthorised expenditure on operating votes are due to:			
- Unforeseen actuarial losses on employee benefits,			
- Unexpected increase in bulk purchases from Eskom,			
- Debt impairment of old housing loans.			
Unauthorised expenditure on capital votes are due to:			
- Over expenditure on the upgrading of the Kluitjieskraal houses.			
44.2	Irregular expenditure		
Reconciliation of irregular expenditure:			
Opening balance	430 556		
Irregular expenditure current year		430 556	
Ratified by Accounting Officer	(430 556)	-	
Irregular expenditure awaiting further action	-	430 556	
Incident		Disciplinary steps/criminal proceedings	
Non-compliance with the supply chain management regulations.		Investigated report to Council	
		-	430 556
		-	430 556

The Municipal Manager has ratified the minor breaches of the supply chain management regulations in terms of section 36 (1) (b) of the mentioned regulations.

Please refer to Note 45.7 for more information.

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

<b>44.3</b>	<b>Material Losses</b>	<b>2014</b>	<b>2013</b>
	<b>Water distribution losses</b>		
	- Kilolitres purified	6 938 436	6 786 705
	- Kilolitres sold	5 059 681	5 330 908
	- Kilolitres lost during distribution	1 878 755	1 455 797
	- Percentage lost during distribution	27.08%	21.45%
	- Value of kilolitres lost during distribution	1 028 474	765 011
	- The value of kilolitres lost is based on the treatment cost of water.		
	<b>Electricity distribution losses</b>		
	- Units purchased (Kwh)	189 335 853	193 057 642
	- Units sold (Kwh)	171 433 978	176 902 110
	- Units lost during distribution (Kwh)	17 901 875	16 155 532
	- Percentage lost during distribution	9.46%	8.37%
	- Value of units lost during distribution (Kwh)	11 857 301	9 889 673
<b>45</b>	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>45.1</b>	<b>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</b>		
	Opening balance	-	-
	Council subscriptions	931 180	801 114
	Amount paid - current year	(931 180)	(801 114)
	<b>Balance unpaid (included in Payables from exchange transactions)</b>	<b>-</b>	<b>-</b>
<b>45.2</b>	<b>Audit fees - [MFMA 125 (1)(c)]</b>		
	Opening balance	-	416 828
	Current year audit fee	2 655 975	3 408 526
	External Audit - Auditor-General	2 515 121	3 191 390
	Internal Audit	(5 986)	157 765
	Audit Committee	146 840	59 371
	Amount paid - current year	2 655 975	3 408 526
	Amount paid - previous year	-	416 828
	<b>Balance unpaid (included in Payables from exchange transactions)</b>	<b>-</b>	<b>-</b>
<b>45.3</b>	<b>VAT - [MFMA 125 (1)(c)]</b>	<b>2014 R</b>	<b>2013 R</b>
	Opening balance	(1 997 217)	(988 597)
	Amounts received - Output VAT - current year	(30 650 202)	(38 931 399)
	Amounts claimed - Input VAT - current year	31 444 000	34 129 406
	Amount paid - current year	1 592 477	2 804 777
	Amount paid - previous year	1 997 217	988 597
	<b>Closing balance</b>	<b>2 386 275</b>	<b>(1 997 217)</b>
	Vat in suspense due to cash basis of accounting		
	Input VAT	4 585 102	4 436 794
	Output VAT	(545 785)	(2 042 501)
	Receivable	4 039 317	2 394 293
	VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
<b>45.4</b>	<b>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</b>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	12 810 858	11 167 854
	Amount paid - current year	(12 810 858)	(11 167 854)
	<b>Balance unpaid (included in Payables from exchange transactions)</b>	<b>-</b>	<b>-</b>
<b>45.5</b>	<b>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	25 920 005	25 239 230
	Amount paid - current year	(25 920 005)	(25 239 230)
	<b>Balance unpaid (included in Payables from exchange transactions)</b>	<b>-</b>	<b>-</b>

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**45.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 June 2014

	<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
Mouton, JS	-	1 888
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>1 888</b>

During the year the following Councillors had arrear accounts outstanding for more than 90 days

	<b>Highest Amount Outstanding</b>	<b>Highest Amount Outstanding</b>
Godden, TT&C	-	738
Heradien, P	-	763
Mouton, JS	-	3 618
Phungula, SL&JT	-	3 221
Veschini, JA	-	2 363
	<b>-</b>	<b>10 703</b>

**45.7 Disclosers in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005**

**Regulation 36 (2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1) (a)**

	<b>Amount</b>	<b>Single Supplier</b>	<b>Impossible</b>	<b>Impractical</b>	<b>Emergency</b>
July	753 028	30	-	16	12
August	955 723	31	-	18	18
September	608 355	32	-	18	16
October	747 004	22	-	47	11
November	640 467	13	-	20	12
December	490 101	10	-	18	9
January	419 346	15	-	12	19
February	1 431 660	14	-	21	17
March	1 010 869	14	-	21	10
April	1 271 651	17	-	24	5
May	247 123	2	-	21	17
June	1 432 005	10	-	30	22
	<b>10 007 334</b>	<b>210</b>	<b>-</b>	<b>266</b>	<b>168</b>

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT CONTINUE**

**Regulation 45 - Details of awards made to close family members of persons in service of State**

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Williams Loodgieters	SR Williams	Husband	R Williams	Dept. of Health: Nurse	R 325 561.00
L & E Blinds	AHE de Jongh	Husband	E de Jongh	Dept. Correctional services: Correctional officer	R 7 147.00
Queen's Cake	M Zimri	Wife	JJ Zimri	Department of Correctional Services; Correctional officer	R 170 855.00
		Mother	MM Zimri	Witzenberg Municipality: Supervisor meter readers	
Ivan A Pharo	I Pharo	Husband	D Pharo	WCED: Teacher	R 121 605.00
Well Earned Trading	J Schuurman	Husband	R Schuurman	WCED: Teacher	R 2 500.00
Vox Elektries	F Blom	Husband	M Blom	SAPS: Officer	R 215 040.00

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**COMMITMENTS**

**2014  
R**

**2013  
R**

**Commitments in respect of expenditure:**

Approved and contracted for.

Infrastructure  
Community  
Other Capital  
Operational

35 485 602	33 220 633
10 667 392	19 418 693
8 555 278	5 246 303
23 748	934 017
16 239 184	7 621 621

Approved but not yet contracted for

Community  
Operational

-	3 014 375
-	2 236 884
-	777 491

**Total**

<b>35 485 602</b>	<b>36 235 008</b>
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## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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## FINANCIAL RISK MANAGEMENT

2014  
R2013  
R

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions

**(b) Price risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% Increase in interest rates	(4 199)	(44 652)
0.5% Decrease in interest rates	4 199	44 652

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 3 and 4 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 3 for balances included in receivables that were re-negotiated for the period under review.

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**FINANCIAL RISK MANAGEMENT CONTINUED**

**Balances past due not impaired:**

	<b>2 014</b>	<b>2 014</b>	<b>2 013</b>	<b>2 013</b>
	<b>%</b>	<b>R</b>	<b>%</b>	<b>R</b>
<u>Long Term Receivables</u>				
Rates & other	32.47%	114 767	50.62%	200 525
<u>Non-Exchange Receivables</u>				
Rates & other charges	22.04%	5 905 223	24.83%	4 159 921
<u>Exchange Receivables</u>				
Electricity	84.10%	25 902 128	85.17%	24 131 381
Water	37.61%	20 962 716	36.85%	14 653 873
Housing Rentals	20.12%	410 926	24.03%	416 225
Refuse	27.08%	7 828 735	31.96%	7 411 141
Sewerage	27.98%	6 502 560	37.99%	7 389 589
Other	26.85%	532 303	20.23%	383 930
	43.54%	62 139 368	47.55%	54 386 139

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 3 and 4 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

**The provision for bad debts could be allocated between the different classes of debtors as follows**

	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>%</b>	<b>R</b>	<b>%</b>	<b>R</b>
<u>Long Term Receivables</u>				
Rates & other	0.18%	178 723	0.23%	168 450
<u>Non-Exchange Receivables</u>				
Rates & other	20.55%	20 882 096	17.31%	12 594 725
<u>Exchange Receivables</u>				
Electricity	4.82%	4 895 591	5.78%	4 202 847
Water	34.22%	34 775 556	34.52%	25 116 623
Housing Rentals	1.61%	1 631 486	1.81%	1 315 803
Refuse	20.74%	21 081 565	21.69%	15 777 617
Sewerage	16.47%	16 739 407	16.58%	12 064 321
Other	1.43%	1 450 309	2.08%	1 514 195
	79.28%	80 573 914	82%	59 991 406

**The provision for bad debts could be allocated between the different categories of debtors as follows**

	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>%</b>	<b>R</b>	<b>%</b>	<b>R</b>
Residential	79.11%	80 404 824	83.04%	60 414 257
Commercial	0.00%	-	0.00%	1
Business	8.00%	8 126 636	7.77%	5 653 335
Government	0.54%	544 199	0.43%	315 968
Other	4.07%	4 141 295	4.97%	3 618 058
	91.72%	101 634 733	96.22%	72 754 581

**FINANCIAL RISK MANAGEMENT CONTINUED**

**Bad debts written off per debtor class:**

	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>%</b>	<b>R</b>	<b>%</b>	<b>R</b>
<u>Long Term Receivables</u>				
Rates & other	0.00%	-	0.00%	-
<u>Non-Exchange Receivables</u>				
Rates	0.00%	-	97.83%	145 177
<u>Exchange Receivables</u>				
Electricity	21.58%	1 867	0.54%	797
Water	39.06%	3 379	0.75%	1 119
Housing Rentals	1.43%	124	0.03%	49
Refuse	20.26%	1 753	0.44%	652
Sewerage	16.29%	1 409	0.37%	547
Other	1.39%	120	0.04%	53
	100.00%	8 652	2.17%	3 218

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**FINANCIAL RISK MANAGEMENT CONTINUED**

**2014  
R**

**2013  
R**

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows

Long term receivables	174 698	227 666
Receivables from exchange transactions	39 723 311	33 639 420
Receivables from non-exchange transactions	8 365 091	1 778 704
Cash and Cash Equivalents	33 062 878	30 853 256
Non-Current Investments	105 062	105 062
Unpaid conditional grants and subsidies	9 258 887	15 678 100
	<u>90 689 927</u>	<u>82 282 208</u>

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Between 5 and 10 years</b>	<b>Over 10 Years</b>
<b>2014</b>				
Long Term liabilities	12 222 609	30 844 208	5 554 809	-
Capital repayments	8 046 353	24 148 824	4 824 037	-
Interest	4 176 256	6 695 384	730 772	-
Trade and Other Payables	35 854 689	-	-	-
Unspent conditional government grants and receipts	1 277 509	-	-	-
Cash and Cash Equivalents	<u>49 354 807</u>	<u>30 844 208</u>	<u>5 554 809</u>	<u>-</u>
	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Between 5 and 10 years</b>	<b>Over 10 Years</b>
<b>2013</b>				
Long Term liabilities	12 414 777	40 203 694	8 390 315	-
Capital repayments	7 320 766	29 888 116	7 279 148	-
Interest	5 094 011	10 315 578	1 111 167	-
Trade and Other Payables	38 560 458	-	-	-
Unspent conditional government grants and receipts	13 137 816	-	-	-
Cash and Cash Equivalents	<u>64 113 051</u>	<u>40 203 694</u>	<u>8 390 315</u>	<u>-</u>

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

48	<b>FINANCIAL INSTRUMENTS</b>	<b>2014 R</b>	<b>2013 R</b>
	In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows		
	The fair value of financial instruments approximates the amortised costs as reflected below		
<b>48.1</b>	<b><u>Financial Assets</u></b>		
	<b><u>Classification</u></b>		
	<b>Long-term Receivables</b>		
	Officials Housing Loans	282 988	313 895
	Rates (Re-negotiated terms)	44 363	58 355
	Councillor Allowances	31 126	31 126
	<b>Receivables</b>		
	Receivables from exchange transactions	39 723 311	33 639 420
	Receivables from non-exchange transactions	8 365 091	1 778 704
	<b>Other Receivables</b>		
	Government Subsidies and Grants	9 258 887	15 678 100
	<b>Current Portion of Long-term Receivables</b>		
	Officials Housing Loans	21 331	20 096
	Sport Club Loans	7 474	
	<b>Short-term Investment Deposits</b>		
	Call Deposits	-	21 913 574
	<b>Bank Balances and Cash</b>		
	Bank Balances	33 054 452	8 931 456
	Cash Floats and Advances	8 426	8 227
		<b>90 797 449</b>	<b>82 372 953</b>
	<b>SUMMARY OF FINANCIAL ASSETS</b>		
	Financial instruments at amortised cost	90 797 449	82 372 953
	<b>At amortised cost</b>	<b>90 797 449</b>	<b>82 372 953</b>
<b>48.2</b>	<b><u>Financial Liability</u></b>		
	<b><u>Classification</u></b>		
	<b>Long-term Liabilities</b>		
	Annuity Loans	45 065 568	51 697 497
	Capitalised Lease Liability	541 761	746 223
	<b>Payables from exchange transactions</b>		
	Trade creditors	24 444 818	34 340 588
	Arrear portion of long term liabilities		
	Retentions	4 581 862	3 638 724
	Deposits	640 981	640 981
	Other	6 187 028	5 533 022
	<b>Other Payables</b>		
	Government Subsidies and Grants	1 277 509	6 545 351
	<b>Current Portion of Long-term Liabilities</b>		
	Annuity Loans	(8 046 353)	(7 320 766)
	Capitalised Lease Liability	(244 110)	(224 286)
		<b>74 449 064</b>	<b>95 597 334</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>		
	Financial instruments at amortised cost	<b>74 449 064</b>	<b>95 597 334</b>
	<b>EVENTS AFTER THE REPORTING DATE</b>		
	Witzenberg Municipal Council in principle decided on 28 September 2011 under item (7/1/4/1) to continue with the proposed Public Private Partnership for the Pine Forest Resort in terms of Section 120 of the Municipal Finance Management Act 56 of 2003.		
<b>49</b>	<b>IN-KIND DONATIONS AND ASSISTANCE</b>		
	Fire Truck donated by Cape Winelands District Municipality	847 479	



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**50 PRIVATE PUBLIC PARTNERSHIPS**

**2014  
R**

**2013  
R**

Council has not entered into any private public partnerships during the financial year.

**51 CONTINGENT LIABILITY**

Claims against Council

**3 821 772**

**8 078 660**

Estimate legal Fees

**221 023**

**230 023**

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. Management are respectfully of opinion that this matter will be successfully defended. The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure. The following are narratives of the cases:

GP Bezuidenhout	Mr Gert Bezuidenhout has issued a summons out of the High Court against the Municipal Manager and Witzenberg Municipality for damages. Mr Bezuidenhout's claim is based on the premise that the Municipal Manager made an affidavit in the labour matter instituted by Mr Bezuidenhout that he was found guilty of fraud whilst he was found guilty of a lesser dishonest offence.	844 349	844 349
IMATU on behalve of GP Bezuidenhout	This is an application for review of a SALGBC ruling in which the Commissioner found the Bargaining Council does not have jurisdiction to hear Mr Bezuidenhout's dispute about an alleged occupational detriment as it relates to an alleged protected disclosure and the Labour Court has exclusive jurisdiction. The Applicant asks the court to order the Bargaining Council to arbitrate the dispute.	40 000	
F Daniels / SALGBC & two others	The applicant was the former Manager of Traffic. He was dismissed after an internal disciplinary hearing on 21/09/2009, where after he unsuccessfully appealed internally against the sanction of dismissal. Management is of opinion that the risk of the municipality being ordered to pay Mr Daniel's legal fees is slim.		196 944
WB Koeries/SALGBC & two others	The applicant was employed in the traffic department. He was dismissed after an internal disciplinary hearing and is attempting to get an arbitration award against the municipality.	299 000	
Ceres Inn	Ceres Inn alleged that they delivered a service to Witzenberg Municipality by providing lunch/dinner to a former Mayor. Management denies this allegation until proof can be provided in the form of an order number, which must be issued beforehand according to our supply chain policies.	823	823
Benjamin Weitz	A minor was electrocuted at an electrical installation situated near a public park. The premises are fenced but Mr Weitz alleged that the security measures of the municipality are insufficient. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	1 210 000	1 210 000
L Louw	A child was molested at the Pine Forest. The claimant alleged that the security measures at the Pine Forest were not sufficient to protect the child. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	1 427 600	1 427 600
SALGA versus municipal trade unions	The trade unions alleged that the wage curve as implemented by municipalities on advice of SALGA is not in terms of the agreement reached. The matter is currently disputed in the labour appeal court.		4 398 944
		<b>3 821 772</b>	<b>8 078 660</b>

**52 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

**52.1 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

**52.2 Compensation of key management personnel**

The compensation of key management personnel is set out in Note 30 to the Annual Financial Statements

**52.3 Other related party transactions**

No purchases were made during the year where Councillors or staff have an interest

**APPENDIX A - Unaudited**  
**WITZENBERG MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2013	Balance at 30 JUNE 2013 Restated	Received during the period	Redeemed / written off during the period	Balance at 30 JUNE 2014
<b>ANNUITY LOANS</b>								
ABSA	10.21%	90-9200-8204	2015/12/30	29 473	29 473		11 043	18 430
ABSA	10.21%	20-9200-9990	2015/12/30	50 395	50 395		18 884	31 511
ABSA	10.21%	0-9205-8859	2015/12/30	13 842	13 842		5 188	8 654
NED BANK	8.00%	5032172 0001	2013/05/30	-	-		-	0
NED BANK	8.00%	5032156 0001	2015/05/30	470 110	470 110		226 209	243 901
NED BANK	8.00%	5032113 0001	2018/05/30	998 222	998 222		176 540	821 682
NED BANK	8.00%	5032032 0001	2023/05/30	8 700 391	8 700 391		645 281	8 055 110
CERES GOLF CLUB	18.00%	49	2018/06/30	29 271	29 271		4 027	25 244
DBSA	12.00%	10478/102	2017/09/30	1 993 953	1 993 953		489 248	1 504 705
DBSA	12.00%	10525/104	2017/03/31	21 216 964	21 216 964		4 319 978	16 896 986
DBSA	15.25%	11188/101	2018/09/30	6 649 655	6 649 655		846 142	5 803 513
DBSA	15.50%	10772/101	2018/09/30	1 507 127	1 507 127		190 618	1 316 509
DBSA	9.50%	102040/1	2021/09/30	253 288	253 288		20 514	232 774
DBSA	9.49%	102040/2	2013/09/30	154 204	154 204		154 204	0
DBSA	14.35%	12978/101	2013/12/31	24 974	24 974		24 974	0
DBSA	10.75%	13161/101	2014/12/31	6 311	6 311		4 096	2 215
DBSA	15.25%	13164/101	2014/12/31	4 004	4 004		2 570	1 434
DBSA	8.59%	100605/1	2023/06/30	2 274 548	2 274 548		218 001	2 056 547
<b>Total Annuity Loans</b>				<b>44 376 731</b>	<b>44 376 731</b>	<b>-</b>	<b>7 357 517</b>	<b>37 019 214</b>
<b>LEASE LIABILITY</b>								
Office Equipment		Various	2012/02/29	521 937	521 937	-	224 286	297 651
<b>Total Lease Liabilities</b>				<b>521 937</b>	<b>521 937</b>	<b>-</b>	<b>224 286</b>	<b>297 651</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>44 898 668</b>	<b>44 898 668</b>	<b>-</b>	<b>7 581 803</b>	<b>37 316 865</b>

**APPENDIX B - Unaudited**  
**WITZENBERG MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**  
**MUNICIPAL VOTES CLASSIFICATION**

<b>2013 Actual Income R</b>	<b>2013 Actual Expenditure R</b>	<b>2013 Surplus/ (Deficit) R</b>		<b>2014 Actual Income R</b>	<b>2014 Actual Expenditure R</b>	<b>2014 Surplus/ (Deficit) R</b>
58 247 727	(30 043 984)	28 203 743	Budget & Treasury Office	59 522 836	(29 050 336)	30 472 500
116 991 745	(67 959 521)	49 032 224	Civil Services	97 114 431	(76 412 064)	20 702 368
49 903 460	(16 347 405)	33 556 055	Community & Social Services	59 250 489	(15 931 001)	43 319 488
8 068 845	(23 403 213)	(15 334 368)	Corporate Services	2 371 890	(26 708 390)	(24 336 500)
148 004 166	(138 124 026)	9 880 141	Electro Technical Services	158 939 705	(145 912 556)	13 027 150
2 861 387	(18 263 008)	(15 401 621)	Executive & Council	3 309 306	(21 660 071)	(18 350 765)
12 110 141	(14 311 929)	(2 201 788)	Housing	27 198 735	(29 694 159)	(2 495 424)
2 220 397	(3 992 548)	(1 772 151)	Planning	1 010 598	(4 364 035)	(3 353 436)
3 895 071	(8 069 100)	(4 174 029)	Public Safety	11 683 944	(14 967 089)	(3 283 145)
25 271 371	(16 232 189)	9 039 183	Sport & Recreation	24 456 314	(16 594 948)	7 861 366
427 574 311	(336 746 923)	90 827 388	<b>Total</b>	444 858 248	(381 294 647)	63 563 601

**APPENDIX C - Unaudited  
WITZENBERG MUNICIPALITY  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014  
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

<b>2013 Actual Income R</b>	<b>2013 Actual Expenditure R</b>	<b>2013 Surplus/ (Deficit) R</b>		<b>2014 Actual Income R</b>	<b>2014 Actual Expenditure R</b>	<b>2014 Surplus/ (Deficit) R</b>
2 861 387	(16 687 374)	(13 825 987)	Executive and Council	3 309 306	(19 965 982)	(16 656 676)
58 247 727	(30 043 984)	28 203 743	Budget and Treasury Office	59 522 836	(29 050 336)	30 472 500
8 068 845	(25 375 075)	(17 306 230)	Corporate Services	2 371 890	(28 636 685)	(26 264 795)
2 313 337	(6 573 815)	(4 260 478)	Planning and Development	1 010 598	(6 918 219)	(5 907 620)
49 555 222	(13 571 782)	35 983 441	Community and Social Services	58 004 644	(12 539 688)	45 464 955
12 110 141	(14 311 929)	(2 201 788)	Housing	27 198 735	(29 694 159)	(2 495 424)
755 134	(6 004 247)	(5 249 114)	Public Safety	8 260 172	(12 730 815)	(4 470 643)
25 271 371	(16 232 189)	9 039 183	Sport and Recreation	24 456 314	(16 594 948)	7 861 366
255 297	(967 288)	(711 991)	Environmental Protection	1 245 845	(1 818 445)	(572 599)
17 407 817	(22 070 580)	(4 662 763)	Waste Management	18 749 086	(25 235 437)	(6 486 351)
37 545 926	(20 406 969)	17 138 957	Waste Water Management	31 699 660	(22 815 259)	8 884 401
10 635 605	(10 829 913)	(194 308)	Road Transport	5 781 603	(12 644 527)	(6 862 924)
54 542 334	(16 716 911)	37 825 423	Water	44 307 856	(17 953 114)	26 354 741
148 004 166	(136 954 866)	11 049 301	Electricity	158 939 705	(144 697 034)	14 242 671
-	-	-	Other	-	-	-
427 574 311	(336 746 923)	90 827 388	<b>Total</b>	444 858 248	(381 294 647)	63 563 601

**APPENDIX D - Unaudited  
WITZENBERG MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>	<b>Balance 1 JULY 2013</b>	<b>Grants Received</b>	<b>Grants Capital Received</b>	<b>Write Offs / Transfers</b>	<b>Operating expenditure during the year Transferred to revenue</b>	<b>Capital expenditure during the year Transferred to revenue</b>	<b>Balance 30 JUNE 2014</b>	<b>Unspent 2014 (Payable)</b>	<b>Unpaid 2014 (Receivable)</b>
<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b><u>National Government Grants</u></b>									
Finance Management Grant	(60 285)	1 300 000	-	-	(1 126 330)	(113 292)	93	93	-
DWAF - Drought relief	(3 570 734)	-	-	-	(10 234)	(73 097)	(3 654 065)	-	3 654 065
Municipal Systems Improvement Grant	-	890 000	890 000	-	(296 989)	(591 856)	1 155	1 155	-
Municipal infrastructure Grant	(757 665)	21 020 000	21 020 000	-	(2 480 241)	(18 432 685)	(650 590)	-	650 590
Regional Bulk Infrastructure Grant (DWAF)	(5 997 391)	7 771 309	7 771 309	-	(632 001)	(5 658 197)	(4 516 279)	-	4 516 279
Housing - Kluitjieskraal	(85 704)	-	-	-	-	-	(85 704)	-	85 704
Integrated National Electricity Program	(970 041)	3 000 000	3 000 000	-	-	(2 000 000)	29 959	29 959	-
Equitable share	-	48 119 000	-	1 434 000	(49 553 000)	-	-	-	-
Department of Rural Development	(4 025 711)	11 016 948	11 016 948	-	(646 336)	(6 461 217)	(116 316)	-	116 316
ACIP funds (DWAF)	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme	(109 570)	1 000 000	-	-	(956 793)	-	(66 363)	-	66 363
Neighbourhood Development Plan	1 434 321	-	-	(1 434 000)	-	-	321	321	-
<b><u>Provincial Government Grants</u></b>									
Library services	367 885	3 981 000	3 231 000	-	(920 802)	(3 499 821)	(71 739)	-	71 739
Library services Replacement Funding	-	5 022 000	5 022 000	-	(5 048 830)	-	(26 830)	-	26 830
CDW	177 606	131 200	-	-	(79 099)	(8 162)	221 545	221 545	-
Main roads	(101 000)	101 000	-	-	(71 000)	-	(71 000)	-	71 000
Compliance Assist	-	51 120	-	-	(51 120)	-	-	-	-
State Funeral	-	100 000	-	-	(100 000)	-	-	-	-
Housing	4 565 539	34 589 068	26 188 189	-	(27 132 065)	(11 298 107)	724 436	724 436	-
Financial Management Training	-	300 000	-	-	-	-	300 000	300 000	-
	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>(9 132 749)</b>	<b>138 392 645</b>	<b>78 139 446</b>	<b>-</b>	<b>(89 104 840)</b>	<b>(48 136 433)</b>	<b>(7 981 377)</b>	<b>1 277 510</b>	<b>9 258 887</b>